WATER PIK TECHNOLOGIES INC
Form DEFM14A
February 21, 2006

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(RULE 14A-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

WATER PIK TECHNOLOGIES, INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:
Water Pik Technologies, Inc. common stock, $0.01 par value.

(2) Aggregate number of securities to which transaction applies:
Common stock: (including restricted stock units): 12,444,428
Options to purchase common stock: 1,755,542

(3) Per unit price or other underlying value of transaction computed under Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
The filing fee was determined based upon the sum of

(1) 12,444,428 shares of Company common stock (including 153,690 restricted stock units that will vest in the merger) multiplied by $27.75 per share,
(2) 1,712,542 options held by Company employees and 43,000 options held by Company directors to purchase shares of Company common stock with the exercise prices less than $27.75 per share, multiplied by $18.27 per share and $20.29 per share, respectively (which is the difference between $27.75 and the weighted average exercise prices per share of such options), and
(3) $3,622,790, representing the estimated payout in connection with the merger for outstanding performance share awards. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying $0.000107 by the sum of the preceding sentence.

(4) Proposed maximum aggregate value of transaction: $381,116,280

(5) Total Fee Paid: $40,780

ý Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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PROPOSED CASH MERGER YOUR VOTE IS VERY IMPORTANT

February 21, 2006

Dear Fellow Stockholder:

The Board of Directors of Water Pik Technologies, Inc. ("Water Pik" or the "Company") has unanimously approved a merger providing for the acquisition of the Company by Coast Acquisition Corporation, an entity currently owned by affiliates of The Carlyle Group and Zodiac S.A. If the merger is completed, you will be entitled to receive $27.75 in cash, without interest, for each share of the Company's common stock you own.

You will be asked, at a special meeting of the Company's stockholders, to adopt the merger agreement, among other matters. The Board of Directors of Water Pik has unanimously approved and declared advisable the merger, the merger agreement and the transactions contemplated by the merger agreement and has unanimously declared that the merger, the merger agreement and the transactions contemplated by the merger agreement are fair to, and in the best interests of, the Company's stockholders. **The Board of Directors unanimously recommends that the Company's stockholders vote "FOR" the adoption of the merger agreement.**

The special meeting to consider and vote upon the adoption of the merger agreement will be held on April 5, 2006, beginning at 9:00 a.m., Pacific Daylight Time, at Gateway Plaza, 170 Newport Center Drive, Suite 100, Newport Beach, California 92660.

The proxy statement provides information about the merger agreement, the merger and the related transactions, and the special meeting. We urge you to read the entire proxy statement carefully, including the appendices and materials incorporated by reference, as it sets forth the details of the merger agreement and other important information related to the merger, including the factors considered by our Board of Directors. You may also obtain additional information from documents filed by Water Pik with the Securities and Exchange Commission.

Your vote is very important. The merger cannot be completed unless the merger agreement is adopted by the affirmative vote of the holders of a majority of the outstanding shares of Water Pik common stock entitled to vote. If you fail to vote on the merger agreement, the effect will be the same as a vote against the adoption of the merger agreement. Whether or not you are able to attend the special meeting in person, please complete, sign and date the enclosed proxy card and return it in the envelope provided as soon as possible or submit a proxy through the internet or by telephone as described on the enclosed proxy card. This action will not limit your right to vote in person if you wish to attend the special meeting and vote in person.

Thank you for your cooperation and continued support.

Sincerely,

Michael P. Hoopis	Robert P. Bozzone
President and Chief Executive Officer	*Chairman of the Board*

This proxy statement is dated February 21, 2006 and is first being mailed to stockholders of Water Pik on or about February 24, 2006.

WATER PIK TECHNOLOGIES, INC.

23 Corporate Plaza, Suite 246
Newport Beach, California 92660

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

Meeting Date: April 5, 2006
Time: 9:00 a.m., Pacific Daylight Time
Place: Gateway Plaza
170 Newport Center Drive, Suite 100
Newport Beach, California 92660
Record Date: February 17, 2006
Agenda

(1) To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of January 6, 2006, among Water Pik Technologies, Inc. ("Water Pik"), Coast Acquisition Corporation ("Parent") and Coast Merger Corporation ("Merger Co"), as it may be amended from time to time, pursuant to which Merger Co will be merged with and into Water Pik, with Water Pik surviving as a wholly-owned subsidiary of Parent;

(2) To consider and vote upon a proposal to adjourn the special meeting to a later date (a) to solicit additional proxies in favor of the adoption of the merger agreement if there are not sufficient votes for adoption of the merger agreement at the special meeting or (b) that Water Pik believes is reasonably likely to be closer in time to the likely closing date of the merger; and

(3) To consider such other business properly brought before the special meeting or any adjournments or postponements of the special meeting.

Adjournments and Postponements

Any action on the items of business described above may be considered at the special meeting at the time and on the date specified above or at any time and date to which the special meeting may be properly adjourned or postponed.

Stockholder List

A list of stockholders entitled to vote will be available at the special meeting and during ordinary business hours for ten days prior to the meeting at our corporate offices, 23 Corporate Plaza, Suite 246, Newport Beach, California 92660, for examination by any stockholder for any legally valid purpose related to the meeting.

Admission to the Meeting

Stockholders who owned shares of our common stock at the close of business on Friday, February 17, 2006, or their authorized representatives by proxy, are entitled to attend and vote at the special meeting. If your shares are held through an intermediary such as a broker or a bank, you should present proof of your ownership as of the record date, such as a recent account statement reflecting your holdings as of February 17, 2006, a copy of the voting instruction card provided by your broker, trustee or nominee, or other similar evidence of ownership.

By order of the Board of Directors,

Richard D. Tipton
Secretary

Dated: February 21, 2006

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SUMMARY TERM SHEET

This summary provides a brief description of the material terms of the merger agreement, the merger and certain related agreements. This summary highlights selected information contained in this proxy statement and may not contain all of the information that is important to you. You are urged to read this entire proxy statement carefully, including the information incorporated by reference and the information in the appendices. Each item in this summary includes a page reference directing you to a more complete description of that item.

References in this proxy statement, unless the context requires otherwise, to "Water Pik," the "Company," "we," "our," "ours," and "us" refer to Water Pik Technologies, Inc. and our consolidated subsidiaries. The term "Parent" refers to Coast Acquisition Corporation. The term "Zodiac" refers to Zodiac S.A. The term "Merger Co" refers to Coast Merger Corporation. The term "Carlyle Fund" refers collectively to Carlyle Europe Partners II, L.P. and CEP Participations SARL, affiliates of The Carlyle Group.

Parties to the Merger. Water Pik is a leader in designing, manufacturing and marketing a broad range of well-recognized swimming pool and personal health care products. Water Pik operates in two business segments the Pool Products segment and the Personal Health Care segment. Coast Acquisition Corporation is a Delaware corporation that was formed by the Carlyle Fund on December 29, 2005 and at the effective time of the merger is expected to be owned 80 percent by the Carlyle Fund and 20 percent by Zodiac, an industrial company listed on the Paris Stock Exchange. Coast Acquisition Corporation was formed for the sole purpose of acquiring all of the fully-diluted capital stock of Water Pik through the merger of its wholly-owned subsidiary, Coast Merger Corporation, with Water Pik, and obtaining the related financing. Coast Merger Corporation is a Delaware corporation formed on December 29, 2005. See "The Parties to the Merger" on page 11.

The Merger. You are being asked to vote to adopt a merger agreement providing for the acquisition of Water Pik by Parent. Pursuant to the merger agreement, Merger Co will merge with and into Water Pik (the "merger"). Water Pik will be the surviving corporation in the merger and a wholly-owned subsidiary of Parent. See "The Merger Agreement Structure of the Merger" on page 52.

Board Recommendation. The Company's Board of Directors unanimously recommends that Water Pik's stockholders vote "**FOR**" the adoption of the merger agreement. See "The Merger Recommendation of the Company's Board of Directors and Reasons for the Merger" beginning on page 20.

Merger Consideration. If the merger is completed, you will be entitled to receive $27.75 in cash, without interest, for each share of our common stock that you own. See "The Merger Agreement Consideration to be Received in the Merger" on page 53.

Treatment of Outstanding Options. Immediately before the effective time of the merger, all outstanding options to acquire Water Pik common stock will become fully vested and immediately exercisable. Unless otherwise agreed between a holder and Parent, all options not exercised before the merger will be cancelled and converted into a right to receive an amount of cash equal to the amount by which $27.75 exceeds the exercise price of each share of Water Pik common stock underlying the options multiplied by each share of stock subject to the option, which payment shall be subject to applicable withholding taxes. See "The Merger Agreement Consideration to be Received in the Merger Stock Options, Restricted Stock and Deferred Stock Units" on page 53.

Treatment of Other Equity Awards. At the effective time of the merger, all restricted stock and deferred stock units then outstanding will become immediately vested and be converted into the right to receive cash equal to $27.75 per share subject to the award. Each performance share that Water Pik has, subject to certain specified criteria being satisfied, agreed to issue but not yet issued immediately before the effective time will be converted into the right to receive cash equal to $27.75 per share. See

"The Merger Agreement Consideration to be Received in the Merger Stock Options, Restricted Stock and Deferred Stock Units" on page 53.

Procedure for Receiving Merger Consideration. As soon as practicable after the effective time of the merger, an exchange agent appointed by Parent will mail a letter of transmittal and instructions to all Water Pik stockholders. The letter of transmittal and instructions will tell you how to surrender your Water Pik common stock certificates in exchange for the merger consideration, without interest. You should not return any stock certificates you hold with the enclosed proxy card, and you should not forward your stock certificates to the exchange agent without a letter of transmittal. See "The Merger Agreement Payment Procedures" beginning on page 53.

No Solicitation of Transactions; Superior Proposal. The Company is prohibited from soliciting, initiating or knowingly encouraging a competing transaction and from having negotiations with respect to a competing transaction or agreeing to or endorsing any competing transaction. However, before the merger agreement is adopted by stockholders, the Company is permitted to respond to a bona fide, written acquisition proposal from a third party made after the date of the merger agreement, if the Board of Directors determines in good faith after consulting with its financial and legal advisors, that the proposal constitutes or is reasonably likely to result in a superior proposal and that the failure to pursue the proposal is reasonably likely to result in a breach of its fiduciary obligations under applicable law. See "The Merger Agreement Acquisition Proposals" beginning on page 59.

Conditions to Closing. Before we can complete the merger, a number of conditions must be satisfied or waived (to the extent permitted by law), including receipt of Company stockholder approval and regulatory (including antitrust) approvals, and the absence of any law prohibiting the transaction. The obligation of Parent and Merger Co to effect the merger is additionally subject to the Company's representations and warranties in the merger agreement being true and correct as of the effective time of the merger (except where the failure to be true and correct would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the Company); the Company's performance of its obligations under the merger agreement; the absence of any material adverse change with respect to the Company or its business; and the stockholders of the Company not exercising statutory appraisal rights with respect to more than 10 percent of the Company's outstanding shares. The Company's obligation to effect the merger is additionally conditioned on the representations of Parent and Merger Co being true and correct as of the effective time of the merger (except where the failure to be true and correct would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on Parent); the performance by Parent and the Merger Co of their obligations under the merger agreement; and the receipt by the Company's Board of Directors of a solvency opinion from an appraisal firm engaged by Parent and reasonably acceptable to the Company on which the Company's Board is entitled to rely. See "The Merger Agreement Conditions to the Merger" beginning on page 64.

Termination of the Merger Agreement. Water Pik and Parent may agree in writing to terminate the merger agreement at any time without completing the merger, even after the stockholders of Water Pik have adopted the merger agreement. The merger agreement may also be terminated in certain other circumstances, including:

- By either Parent or the Company if the merger is not consummated by June 30, 2006 (September 30, 2006 if the reason the merger has not been effected is that antitrust regulatory clearance has not been achieved by June 30, 2006) (the "end date");
- By either Parent or the Company if a court or other governmental entity has issued a final order prohibiting the merger;

By Parent before adoption of the merger agreement by the Company's stockholders if the Company's Board of Directors fails to recommend adoption of the merger agreement to the Company's stockholders or withdraws or modifies that recommendation;

By either Parent or the Company if the other party has breached its representations or warranties or agreements and the breach is not curable by the end date;

By the Company before adoption of the merger agreement by the Company's stockholders if the Company's Board of Directors determines to pursue a superior proposal from a third party, after the Company has provided Parent three business days to revise the terms of the merger agreement and negotiate in good faith with the Company with respect thereto; and

By either Parent or the Company if the Company's stockholders fail to adopt the merger agreement.

See "The Merger Agreement Termination of the Merger Agreement" beginning on page 66.

Termination Fees and Expenses.

Company Termination Fee. The Company will be required to pay Parent a fee of $10 million if the merger agreement is terminated:

(1) because the merger has not been consummated by the end date and (a) the Company stockholder meeting has not occurred (other than due to a breach by Parent of the merger agreement); (b) before such termination, a competing transaction proposal has been made or announced and not withdrawn; and (c) within 12 months after such termination the Company enters into a definitive agreement with respect to any competing transaction proposal;

2) following the failure of the Company's stockholders to adopt the merger agreement and (a) prior to such termination, a competing transaction proposal has been made or announced and not withdrawn and (b) within 12 months after such termination the Company enters into a definitive agreement with respect to any competing transaction proposal;

(3) because the Company's Board of Directors fails to recommend adoption of the merger agreement to the Company's stockholders or withdraws or modifies that recommendation; or

(4) by the Company to pursue a superior proposal.

<u>Parent Termination Fee.</u> In addition, upon termination of the merger agreement by the Company under specified circumstances, Parent will be required to pay the Company a termination fee (the "Parent Termination Fee") of (A) $5 million if at the time of termination all of the mutual conditions to closing and Parent and Merger Co's conditions to closing have been satisfied or validly waived or (B) $10 million if at the time of termination all of the mutual conditions to closing and Parent and Merger Co's conditions to closing have been satisfied or validly waived and Parent or Merger Co have received the debt financing or the lenders have made such financing available, conditioned solely upon consummation of the Merger and receipt of up to $157 million of equity financing. The payment of the Parent Termination Fee and any fees, expenses or interest provided in the guarantees described below would be the sole remedy of the Company against Parent, Merger Co, the guarantors or any of their respective stockholders, partners, members, affiliates, directors, officers or agents for losses suffered as a result of the breach of the merger agreement by Parent or Merger Co or the failure of the merger to be consummated, upon termination of the merger agreement.

Expenses. If the merger agreement is terminated following the failure of the Company's stockholders to adopt the merger agreement, the Company has agreed to pay Parent $2 million of Parent's expenses, which will be credited toward termination fees the Company may become obligated to pay under certain circumstances.

See "The Merger Agreement Termination Fees and Expenses" beginning on page 67.

Guarantees. Concurrently with the execution of the merger agreement, Carlyle Europe Partners II, L.P. and Zodiac each provided the Company with a guaranty. Under the terms of the Carlyle guaranty, Carlyle Europe Partners II, L.P. guaranteed the payment and performance of 80 percent of Parent's obligation to the Company to pay the Parent Termination Fee, if any up to a maximum of $8 million (plus interest, fees and expenses) and under the terms of the Zodiac guaranty, Zodiac guaranteed the payment and performance of 20 percent of Parent's obligation to the Company to pay the Parent Termination Fee, if any up to a maximum of $2 million (plus interest, fees and expenses). See "The Merger Guarantees; Remedies" on page 48.

Regulatory Approvals. The Hart-Scott-Rodino Antitrust Improvements Act of 1976 and related rules (the "HSR Act") provide that transactions such as the merger may not be completed until certain information has been submitted to the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice and certain waiting period requirements have been satisfied. On February 13, 2006, the Company and Carlyle Europe Partners II, L.P. made the required filings with the Antitrust Division and the Federal Trade Commission. The applicable waiting period will expire on March 15, 2006, unless early termination is granted with respect to the required filings, or the waiting period is extended by additional request for documentation or information. In addition, the Carlyle Group made the required antitrust filings under German law and Austrian law on February 17, 2006. Except as noted above with respect to the required filings under the HSR Act and the antitrust laws of Germany and Austria and the filing of a certificate of merger in Delaware at or before the effective date of the merger, we are unaware of any material federal, state or foreign regulatory requirements or approvals required for the execution of the merger agreement or completion of the merger. See "The Merger Regulatory Matters" beginning on page 49.

Financing. Although not a condition to the closing of the merger, Zodiac and the Carlyle Fund anticipate financing a portion of the merger consideration with debt and equity.

Parent and Merger Co have received a debt commitment letter from ING Capital LLC, which we refer to as ING, pursuant to which ING has committed to provide up to $290 million in debt financing through term loans and a revolving credit facility for the purpose of financing a portion of the merger consideration, satisfying the transaction costs, fees, charges and expenses related to the merger, repaying certain outstanding indebtedness and providing Water Pik with additional working capital. Parent and Merger Co have also received an equity commitment letter from Zodiac and the Carlyle Fund pursuant to which such parties have committed to provide up to $157 million in equity financing for the purpose of providing a portion of the merger consideration. Funding of the debt and equity financing is subject to the satisfaction of the conditions set forth in the merger agreement and in the commitment letters pursuant to which the financing will be provided. See "The Merger Financing of the Merger" beginning on page 45.

Parent has agreed to use its commercially reasonable efforts to arrange the financings reflected in the debt and equity commitment letters and to satisfy on a timely basis all conditions applicable to Parent and Merger Co to obtain the financings. See "The Merger Agreement Financing" beginning on page 63.

Opinion of J.P. Morgan Securities Inc. In connection with the merger, the Company retained J.P. Morgan Securities, Inc., which we refer to as JPMorgan, as its financial advisor. In deciding to approve the merger agreement, the Company's Board of Directors considered the oral opinion of

JPMorgan provided to the Company's Board of Directors on January 6, 2006, subsequently confirmed in writing, that, as of the date of the opinion and based upon and subject to the factors and assumptions set forth in its opinion, the consideration to be paid to the holders of the Company's common stock in the merger was fair, from a financial point of view, to such holders. The full text of the written opinion of JPMorgan, dated January 6, 2006, which sets forth, among other things, the assumptions made, matters considered and limits on the review undertaken by JPMorgan in rendering its opinion, is attached as Annex B to this proxy statement and is incorporated by reference into this proxy statement. We encourage you to read this opinion carefully in its entirety. JPMorgan provided its opinion for the information and assistance of the Company's Board of Directors in connection with its consideration of the transaction contemplated by the merger agreement. The opinion of JPMorgan does not reflect any developments that may occur or may have occurred after the date of its opinion and prior to the completion of the merger. Pursuant to the terms of its engagement letter with JPMorgan, the Company agreed to pay a fee payable upon consummation of the transaction contemplated by the merger agreement. See "The Merger Opinion of J.P. Morgan Securities, Inc." beginning on page 23.

Opinion of Houlihan Lokey Howard & Zukin. In deciding to approve the merger agreement, the Company's Board of Directors also considered the oral opinion of Houlihan Lokey Howard & Zukin, which we refer to as Houlihan Lokey, provided to the Company's Board of Directors on January 6, 2006, subsequently confirmed in writing, that, based upon and subject to the factors and assumptions set forth in its opinion, and in reliance thereon, as of the date of the opinion, the consideration to be received by the common stockholders of the Company in the merger was fair to them from a financial point of view. The full text of the written opinion of Houlihan Lokey, dated January 6, 2006, which sets forth, among other things, the assumptions made, matters considered and limits on the review undertaken by Houlihan Lokey in rendering its opinion, is attached as Annex C to this proxy statement and is incorporated by reference into this proxy statement. We encourage you to read this opinion carefully in its entirety. Houlihan Lokey provided its opinion for the information and assistance of the Company's Board of Directors in connection with its consideration of the transaction contemplated by the merger agreement. The opinion of Houlihan Lokey does not reflect any developments that may occur or may have occurred after the date of its opinion and prior to the completion of the merger. Pursuant to the terms of its engagement letter with Houlihan, the Company agreed to pay a fee, a portion of which was payable upon execution of the engagement letter, and the remainder of which was payable upon delivery of a written opinion by Houlihan. No portion of the fee payable by the Company to Houlihan was conditioned upon consummation of the transaction contemplated by the merger agreement. See "The Merger Opinion of Houlihan Lokey Howard & Zukin" beginning on page 29.

Record Date and Voting. You are entitled to vote at the special meeting if you owned shares of Water Pik common stock at the close of business on Friday, February 17, 2006, the record date for the special meeting. Each outstanding share of our common stock on the record date entitles the holder to one vote on each matter submitted to stockholders for approval at the special meeting. As of the record date, there were 12,315,184 shares of common stock of Water Pik entitled to be voted. See "The Special Meeting Record Date and Quorum" on page 13.

Stockholder Vote Required to Adopt the Merger Agreement. For us to complete the merger, stockholders holding at least a majority of the shares of our common stock outstanding at the close of business on the record date must vote "**FOR**" the adoption of the merger agreement. See "The Special Meeting Vote Required" on page 13.

Share Ownership of Directors and Executive Officers. As of February 17, 2006, the record date, the directors and executive officers of Water Pik held and are entitled to vote, in the aggregate, 998,194 shares of our common stock, representing approximately 8.1 percent of the outstanding shares of our common stock (or 2,516,837 shares, representing approximately 18.2 percent of the outstanding shares, including shares underlying options and stock units exercisable or convertible, respectively, within 60 days of the record date). The directors and executive officers have informed

Water Pik that they intend to vote all of their shares of our common stock "**FOR**" the adoption of the merger agreement. Like all our other stockholders, our directors and executive officers will be entitled to receive $27.75 per share in cash for each of their shares of Water Pik common stock, and all of their outstanding stock options will become fully vested and exercisable unless otherwise agreed between the holder of any such option and Parent. See "The Special Meeting Vote Required" on page 13 and "The Merger Interests of Certain Persons in the Merger" beginning on page 39.

Tax Consequences. The merger will be a taxable transaction to you if you are a U.S. person. For U.S. federal income tax purposes, your receipt of cash (whether as merger consideration or pursuant to the proper exercise of appraisal rights) in exchange for your shares of Water Pik common stock generally will cause you to recognize a gain or loss measured by the difference, if any, between the cash you receive in the merger and your adjusted tax basis in your shares of Water Pik common stock. Under U.S. federal income tax law, you may be subject to information reporting on cash received pursuant to the merger unless an exemption applies. Backup withholding may also apply (currently at a rate of 28 percent) with respect to the amount of cash received pursuant to the merger, unless you provide proof of an applicable exemption or a correct taxpayer identification number, and otherwise comply with the applicable requirements of the backup withholding rules. You should consult your own tax advisor for a full understanding of how the merger will affect your federal, state and local and/or non-U.S. taxes. See "The Merger Material U.S. Federal Income Tax Consequences" beginning on page 50.

Appraisal Rights. Under the General Corporation Law of the State of Delaware, holders of our common stock who do not vote in favor of adopting the merger agreement will have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery if the merger is completed, but only if they comply with all requirements of Delaware law, which are summarized in this proxy statement. This appraisal amount could be more than, the same as or less than the amount a stockholder would be entitled to receive under the terms of the merger agreement. Any holder of our common stock intending to exercise their appraisal rights, among other things, must submit a written demand for an appraisal to us prior to the vote on the adoption of the merger agreement, must not vote or otherwise submit a proxy in favor of adoption of the merger agreement and must continue to hold the shares of record through the effective time of the merger. A holder's failure to follow exactly the procedures specified under Delaware law will result in the loss of that holder's appraisal rights. See "Appraisal Rights" beginning on page 69 and Annex D Section 262 of the General Corporation Law of the State of Delaware.

Market Price of Water Pik Common Stock. Our common stock is listed on the New York Stock Exchange under the trading symbol "PIK." On January 6, 2006, which was the last trading day before the announcement of the execution of the merger agreement, the Company's common stock closed at $21.62 per share. On February 17, 2006, which was the last trading day before the date of this proxy statement, the Company's common stock closed at $27.43 per share.

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following section provides brief answers to some of the questions that may be raised by the merger agreement and the merger. This section is not intended to contain all of the information that is important to you. You are urged to read the entire proxy statement carefully, including the information in the appendices.

Q:

What is the proposed transaction?

A:

The proposed transaction is the acquisition of the Company by Parent, which is currently owned indirectly by the Carlyle Fund and at the effective time of the merger is expected to be owned 80 percent by the Carlyle Fund and 20 percent by Zodiac, pursuant to the Agreement and Plan of Merger, dated as of January 6, 2006, among Water Pik, Merger Co and Parent, as it may be amended from time to time. Once the merger agreement has been adopted by the Company's stockholders at the special meeting and the other closing conditions under the merger agreement have been satisfied or waived, Merger Co will be merged with and into Water Pik, with Water Pik surviving as the wholly-owned subsidiary of Parent.

Q:

What will I be entitled to receive pursuant to the merger?

A:

Upon completion of the merger, holders of our common stock, other than any holders that choose to exercise and perfect their appraisal rights under Delaware law, will be entitled to receive $27.75 in cash, without interest and less any required withholding taxes, for each share of our common stock held by them. In addition, each outstanding option to purchase Water Pik common stock, except as provided in an applicable agreement with the optionee, will be canceled in exchange for (1) the excess of $27.75 (without interest and less any required withholding taxes) over the per share exercise price of the option multiplied by (2) the number of shares of common stock subject to the option, less applicable withholding taxes. All restricted stock and deferred stock units will become immediately vested and be converted into the right to receive cash equal to $27.75 per share subject to the award. In addition, each performance share that Water Pik has, subject to certain specified criteria being satisfied, agreed to issue but not yet issued immediately before the effective time will be converted into the right to receive cash equal to $27.75 per share.

Q:

What other proposals are being voted on at the special meeting?

A:

In addition to the proposal to adopt the merger agreement, stockholders will vote at the special meeting on a proposal to approve the adjournment of the meeting to a later date (a) to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement or (b) that the Company believes is reasonably likely to be closer in time to the likely closing date of the merger.

Q:

What vote of stockholders is required to approve the proposals?

A:

The merger agreement must be adopted by the affirmative vote of holders of a majority of the shares of Water Pik common stock outstanding on the record date. The proposal to adjourn the meeting requires the affirmative vote of a majority of the shares present and entitled to vote thereon at the special meeting.

Q:

How does the Company's Board of Directors recommend that I vote?

A:

Our Board of Directors recommends that you vote "**FOR**" the proposal to adopt the merger agreement and **"FOR"** the adjournment proposal. Before voting, you should read "The Merger   Recommendation of the Company's Board of Directors and Reasons for the Merger" for a discussion of the factors that our Board of Directors considered in deciding to recommend the adoption of the merger agreement.

Q: **Who may vote at the special meeting?**

A: If you were a stockholder of the Company at the close of business on February 17, 2006, the record date, you may vote at the special meeting.

Q: **How many shares are entitled to vote at the special meeting?**

A: Each share of our common stock is entitled to one vote. On the record date, there were 12,315,184 shares of our common stock outstanding.

Q: **What does it mean if I get more than one proxy card?**

A: If you have shares of our common stock that are registered differently and are in more than one account, you will receive more than one proxy card. Please follow the directions for voting on each of the proxy cards you receive to ensure that all of your shares are voted.

Q: **How do I vote?**

A: In order to vote, you must either designate a proxy to vote on your behalf or attend the special meeting and vote your shares in person. Our Board of Directors requests your proxy, even if you plan to attend the special meeting, so your shares will be counted toward a quorum and be voted at the meeting even if you later decide not to attend.

Q: **How can I vote in person at the special meeting?**

A: If you hold shares in your name as the stockholder of record, you may vote those shares in person at the meeting by giving us a signed proxy card or ballot before voting is closed. If you want to do that, please bring identification with you to the special meeting. Even if you plan to attend the meeting, we recommend that you submit a proxy for your shares in advance as described above, so your vote will be counted even if you later decide not to attend. If you hold shares in "street name" (that is, through a broker, bank or other nominee), you may vote those shares in person at the meeting only if you obtain and bring with you a signed proxy from the necessary nominees giving you the right to vote the shares. To do this, you should contact your broker, bank or other nominee.

Q: **How can I vote without attending the special meeting?**

A: If you hold shares in your name as the stockholder of record, then you received this proxy statement and a proxy card from us. In that event, you may complete, sign, date and return your proxy card in the postage-paid envelope provided, or you may submit a proxy by telephone, or electronically through the internet, by following the instructions included with your proxy card. The deadline for submitting a proxy by telephone or electronically is 11:59 p.m. Eastern Time on April 4, 2006. If your shares are held in street name, please follow the instructions on your proxy card to instruct your broker or other nominee to vote your shares. Without those instructions, your shares will not be voted.

Participants who hold our common stock in one of our retirement or stock ownership plans may tell the plan trustee how to vote the shares of our common stock allocated to their accounts. You may sign and return the voting instruction card provided by the plan. If you do not transmit instructions, your shares will be voted as the plan administrator directs or as otherwise provided in the plan. For shares held in the Company's retirement or stock ownership plans, your voting instructions must be

received by 11:59 p.m. Eastern Time on Friday, March 31, 2006 in order for the trustee to vote your shares in accordance with your instructions.

Q: **How can I revoke my proxy?**

A: If you are a registered owner, you may change your mind and revoke your proxy at any time before it is voted at the meeting by:

- sending a written notice to revoke your proxy to the Corporate Secretary of the Company, which must be received by the Company before the special meeting commences;
- transmitting a proxy by mail at a later date than your prior proxy, which must be received by the Company before the special meeting commences;
- submitting a proxy again by internet or telephone; or
- attending the special meeting and voting in person or by proxy (except for shares held in the employee benefit plans). Please note that attendance at the special meeting will not by itself constitute revocation of a proxy.

If you hold your shares in street name or through a Company benefit plan, you should contact your broker, bank or other nominee, or the plan trustee, as applicable, if you wish to revoke your proxy.

Q: **What is a quorum?**

A: A quorum of the holders of the outstanding shares of our common stock must be present for the special meeting to be held. A quorum is present if the holders of a majority of the outstanding shares of our common stock entitled to vote are present at the meeting, either in person or represented by proxy. Withheld votes, abstentions and broker non-votes are counted as present for the purpose of determining whether a quorum is present.

Q: **How are votes counted?**

A: You may vote "FOR," "AGAINST" or "ABSTAIN" on the proposal to adopt the merger agreement. Abstentions will count for the purpose of determining whether a quorum is present, but will not count as votes cast on the proposal. If you "ABSTAIN," it has the same effect as if you vote "AGAINST" the adoption of the merger agreement and the adjournment proposal.

A broker non-vote generally occurs when a broker, bank or other nominee holding shares on your behalf does not vote on a proposal because the nominee has not received your voting instructions and lacks discretionary power to vote the shares. Broker non-votes will count for the purpose of determining whether a quorum is present, but will not count as votes cast on a proposal. A broker non-vote will have the same effect as a vote "AGAINST" the adoption of the merger agreement, but will have no effect on the outcome of the adjournment proposal.

A properly executed proxy card received by the Corporate Secretary before the meeting or submitted electronically, and not revoked, will be voted as directed by you. If you properly execute and deliver your proxy card without indicating your vote, your shares will be voted "FOR" the adoption of the merger agreement and "FOR" the adjournment proposal and in accordance with the discretion of the persons appointed as proxies on any other matters properly brought before the meeting for a vote.

Q: **Who will bear the cost of this solicitation?**

A:

We will pay the cost of this solicitation, which will be made primarily by mail. Proxies also may be solicited in person, or by telephone, facsimile or similar means, by our directors, officers or employees without additional compensation. We will, on request, reimburse stockholders who are brokers, banks or other nominees for their reasonable expenses in sending proxy materials and special reports to the beneficial owners of the shares they hold of record.

Q:

When do you expect the merger to be completed?

A:

We are working toward completing the merger as quickly as possible, and we anticipate that it will be completed in late April 2006. In order to complete the merger, we must obtain stockholder approval and the other closing conditions under the merger agreement must be satisfied or waived (as permitted by law). See "The Merger Agreement Conditions to the Merger" and "The Merger Agreement Effective Time."

Q:

Should I send in my stock certificates now?

A:

No. Shortly after the merger is completed, you will receive a letter of transmittal with instructions informing you how to send your stock certificates to the exchange agent in order to receive the merger consideration, without interest. You should use the letter of transmittal to exchange your Water Pik stock certificates for the merger consideration to which you are entitled as a result of the merger. If your shares are held in street name by your broker, you will receive instructions from your broker as to how to effect the surrender of your shares and receive cash for those shares. **Do not send any stock certificates with your proxy**.

Q:

Who can help answer my other questions?

A:

If you have more questions about the special meeting or the merger, you should contact Investor Relations at Water Pik Technologies, Inc., 23 Corporate Plaza, Suite 246 Newport Beach, CA 92660, telephone: (949) 719-3700, email: corpinfo@waterpik.com.

THE PARTIES TO THE MERGER

Water Pik Technologies, Inc.
23 Corporate Plaza, Suite 246
Newport Beach, CA 92660
(949) 719-3700

Water Pik Technologies, Inc., a Delaware corporation, is a leader in designing, manufacturing and marketing a broad range of well-recognized swimming pool and personal health care products. Water Pik operates in two business segments the Pool Products segment and the Personal Health Care segment. Water Pik's common stock is listed on the New York Stock Exchange. If the merger agreement is adopted by the Water Pik stockholders at the special meeting and the merger is completed as contemplated, Water Pik will continue its operations following the merger as a private company and a wholly-owned subsidiary of Coast Acquisition Corporation.

Coast Acquisition Corporation
c/o Carlyle Europe Partners II, L.P.
112, avenue Kléber
75016 Paris
France
(33) 1 53 70 35 20

Coast Acquisition Corporation, a Delaware corporation, was formed on December 29, 2005 for the sole purpose of completing the merger with Water Pik and obtaining the related financing to fund the transaction. Coast Acquisition Corporation is the sole stockholder of Coast Merger Corporation, is currently owned by Carlyle Europe Partners II, L.P. and CEP Participations SARL, which we refer to collectively as the Carlyle Fund, and at the effective time of the merger is expected to be owned 80 percent by the Carlyle Fund and 20 percent by Zodiac.

The Carlyle Fund is an investment fund affiliated with and organized by The Carlyle Group, which is one of the world's largest private equity firms, with more than $30.9 billion under management. The Carlyle Group has 32 funds, including Carlyle Europe Partners II, L.P., operates across four investment disciplines (management-led buyouts, real estate, leveraged finance and venture capital), employs nearly 300 investment professionals and has offices in 14 countries.

Zodiac is an industrial company listed on the Paris Stock Exchange since 1983 with a market capitalization of approximately $3.7 billion and sales of $2.2 billion for its fiscal year ended August 31, 2005, and is planning significant growth of sales for fiscal year 2006. Widely known for its inflatable boats, Zodiac is organized around five business segments: Aerosafety Systems, Aircraft Systems, Cabin Interiors, Technology and Marine. Zodiac's Airline equipment business, which produces a variety of products from aircraft seats to fuel tanks for both civilian and military applications, represents 64 percent of sales. Zodiac's Marine segment (25 percent of sales) includes its boat, marine equipment, pool and pool care activities. It is a leading player in the pool equipment industry worldwide following the acquisitions of Baracuda, Clearwater, Nature2, PSA and Polaris. It has strong local presence in the four key regions in the pool industry: North America, Europe, Australia and South Africa. Zodiac employs more than 15,000 people on all continents.

Coast Merger Corporation
c/o Carlyle Europe Partners II, L.P.
112, avenue Kléber
75016 Paris
France
(33) 1 53 70 35 20

Coast Merger Corporation, a Delaware corporation, was formed on December 29, 2005 for the sole purpose of completing the merger with Water Pik and obtaining the related financing. Coast Merger Corporation is a wholly-owned subsidiary of Coast Acquisition Corporation.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement contains forward-looking statements that involve risks and uncertainties, including, but not limited to, statements concerning the ability of Water Pik to successfully complete the merger. These statements relate to expectations concerning matters that are not historical facts. Words such as "projects," "believes," "anticipates," "will," "estimates," "plans," "expects," "intends," and similar words and expressions are intended to identify forward-looking statements. These forward-looking statements are based on the current expectations, assumptions, estimates and projections about the Company and the pool and personal health care product industries. These forward-looking statements involve known and unknown risks that may cause Water Pik's actual results and performance to be materially different from the future results and performance stated or implied by the forward-looking statements. In light of the significant uncertainties inherent in the forward-looking information included in this discussion, the inclusion of such information should not be regarded as a representation by the Company or any other person that Water Pik's objectives or plans will be achieved. Important factors which could cause our actual results to differ materially from those expressed or implied in the forward-looking statements are detailed in filings with the Securities and Exchange Commission made from time to time by the Company, including our periodic filings on Forms 10-K, 10-Q and 8-K and the following:

- risks associated with the closing of the merger, including the possibility that the merger may not occur due to the failure of the parties to satisfy the conditions in the merger agreement;
- the inability of Coast Acquisition Corporation and Coast Merger Corporation to obtain the financing necessary to complete the merger;
- the failure of Water Pik to obtain required stockholder approvals;
- the inability of the parties to secure required governmental or third party consents to and authorizations for the merger;
- the occurrence of events that would have a material adverse effect on the Company as described in the merger agreement; and
- the effect of the announcement of the merger on our customer and supplier relationships, operating results and business generally, including our ability to retain key employees.

You should not place undue reliance on forward-looking statements. We cannot guarantee any future results, levels of activity, performance or achievements. The statements made in this proxy statement represent our views as of the date of this proxy statement, and it should not be assumed that the statements made herein remain accurate as of any future date. Moreover, we assume no obligation to update forward-looking statements or update the reasons actual results could differ materially from those anticipated in forward-looking statements, except as required by law.

THE SPECIAL MEETING

Time, Place and Purpose of the Special Meeting

This proxy statement is being furnished to Water Pik's stockholders as part of the solicitation of proxies by Water Pik's Board of Directors for use at the special meeting be held at Gateway Plaza, 170 Newport Center Drive, Suite 100, Newport Beach, California 92660, on April 5, 2006, at 9:00 a.m., Pacific Daylight Time. The purpose of the special meeting is to consider and vote upon proposals to adopt the merger agreement, which will constitute approval of the merger and the other transactions contemplated by the merger agreement, and to approve the adjournment of the meeting to a later date (a) to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement or (b) that Water Pik believes is reasonably likely to be closer in time to the likely closing date of the merger. Our stockholders must adopt the merger agreement for the merger to occur. A copy of the merger agreement is attached to this proxy statement as Annex A.

Our Board of Directors has, by unanimous vote, determined that the merger agreement and the merger are advisable and in the best interests of Water Pik and its stockholders, and has approved the merger agreement and the merger. Our Board of Directors unanimously recommends that our stockholders vote "**FOR**" adoption of the merger agreement.

Record Date and Quorum

The holders of record of our common stock as of the close of business on February 17, 2006, the record date for the special meeting, are entitled to receive notice of, and to vote at, the special meeting. On the record date, there were 12,315,184 shares of Water Pik common stock outstanding.

The holders of a majority of the outstanding shares of our common stock on the record date represented in person or by proxy will constitute a quorum for purposes of the special meeting. A quorum is necessary to hold the special meeting. Any shares of common stock held in treasury by the Company or by any of our subsidiaries are not considered to be outstanding for purposes of determining a quorum. Once a share is represented at the special meeting, it will be counted for the purpose of determining a quorum at the special meeting and any adjournment of the special meeting. However, if a new record date is set for the adjourned special meeting, then a new quorum will have to be established. If a quorum is not present, the special meeting may be adjourned from time to time without further notice, if the time and place of the adjourned meeting are announced at the meeting, until a quorum is obtained.

Vote Required

Adoption of the merger agreement requires the affirmative vote of the holders of a majority of our common stock outstanding on the record date and entitled to vote at the special meeting. Each outstanding share of our common stock on the record date entitles the holder to one vote at the special meeting.

Approval of the proposal to adjourn the special meeting requires the affirmative vote of a majority of the shares present and entitled to vote thereon at the special meeting.

As of the record date, the directors and executive officers of the Company owned, in the aggregate, 998,194 shares, or approximately 8.1 percent, of the outstanding Water Pik common stock (or 2,516,837 shares, representing approximately 18.2 percent of the outstanding shares, including shares underlying options and stock units exercisable or convertible, respectively, within 60 days of the record date) entitled to vote on the adoption of the merger agreement. The Company expects that all of these shares will be voted in favor of the proposal to adopt the merger agreement.

Proxies; Revocation

If you are a stockholder of record and submit a proxy by telephone or the internet or by returning a signed proxy card by mail, your shares will be voted at the special meeting as you indicate on your proxy card or by such other method. If no instructions are indicated on your proxy card, your shares of the Company's common stock will be voted "**FOR**" the adoption of the merger agreement and "**FOR**" the adjournment proposal.

If your shares are held in street name by your broker, bank or other nominee, you should instruct your broker how to vote your shares using the instructions provided by your broker. If you have not received voting instructions or require further information regarding such voting instructions, contact your broker, bank or other nominee for directions on how to vote your shares. Under the rules of the New York Stock Exchange, brokers who hold shares in street name for customers may not exercise their voting discretion with respect to the approval of non-routine matters such as the merger proposal and thus, absent specific instructions from the beneficial owner of such shares, brokers are not empowered to vote such shares with respect to the adoption of the merger agreement. Such shares will constitute "broker non-votes." Shares of common stock held by persons attending the special meeting but not voting, or shares for which the Company has received proxies with respect to which holders have abstained from voting, will be considered abstentions. Abstentions and broker non-votes will be treated as shares that are present and entitled to vote at the special meeting for purposes of determining whether a quorum exists, but will have the same effect as a vote "AGAINST" adoption of the merger agreement.

If you hold stock in one of our retirement or stock ownership plans you may tell the plan trustee how to vote the shares of our common stock allocated to your account or accounts. You may sign and return the voting instruction card provided by the plan. If you do not transmit instructions, your shares will be voted as the plan administrator directs or as otherwise provided in the plan.

You may revoke your proxy at any time before the vote is taken at the special meeting. To revoke your proxy, you must either advise our Corporate Secretary in writing, submit a proxy by telephone, the internet or mail dated after the date of the proxy you wish to revoke or attend the special meeting and vote your shares in person. Attendance at the special meeting will not by itself constitute revocation of a proxy.

Please note that if you have instructed your broker to vote your shares, the options for revoking your proxy described in the paragraph above do not apply and instead you must follow the directions provided by your broker to change these instructions.

Water Pik does not expect that any matter other than the adoption of the merger agreement and the adjournment proposal will be brought before the special meeting. If, however, any other matter is properly presented at the special meeting or any adjournment or postponement of the special meeting, the persons appointed as proxies will have authority to vote the shares represented by duly executed proxies in accordance with their discretion.

Solicitation of Proxies

The Company will pay the cost of this proxy solicitation. In addition to soliciting proxies by mail, directors, officers and employees of Water Pik may solicit proxies personally and by telephone, facsimile or other electronic means of communication. These persons will not receive additional or special compensation for such solicitation services. The Company will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions.

THE MERGER

Background of the Merger

From time to time, the Company's Board of Directors and management team have reviewed the Company's strategic focus in light of conditions in the industries in which Water Pik operates and the long-term interests of the Company and its stockholders. During 2004, after reviewing the Company's historical and current business operations and financial performance, prospects for future growth and competitive position, the Board of Directors determined that the Company should undertake a more formal analysis of Water Pik's strategic alternatives, including both possible strategic transactions as well as measures the Company could take to continue its growth and increase its profitability as an independent public company. At a regular meeting of the Board of Directors on July 21, 2004, the Board authorized Company management and F. Peter Cuneo, one of the Company's directors, to begin interviewing investment banking firms for the purpose of selecting a firm to advise the Board of Directors regarding strategic alternatives.

In the following months, Company management contacted and interviewed a number of investment banks to discuss strategic alternatives. On September 13, 2004, representatives of JPMorgan met with the Company's President and Chief Executive Officer, Michael Hoopis, and Chief Financial Officer, Victor Streufert. After finishing its interviews with various other investment banks, in mid-October 2004 Company management invited JPMorgan to make a presentation to the Company's Board of Directors at its October 2004 meeting.

On October 27, 2004, representatives of JPMorgan made a presentation to the Company's Board of Directors regarding strategic alternatives for the Company. JPMorgan reviewed for the Board the market environment for mergers and acquisitions and potential values for the Company based on various valuation methods. JPMorgan also reviewed a variety of strategic alternatives for Water Pik, including maintaining the Company in its present form, and discussed with the Board positive and negative considerations for each alternative. The Board of Directors then determined that the Company should retain JPMorgan to continue advising the Board on strategic alternatives. In November and December of 2004, Company management and JPMorgan cooperated to finalize the terms of JPMorgan's engagement, prepare a descriptive memorandum of the Company for distribution to potential bidders, and prepare an electronic data room. At its meeting on December 16, 2004, the Board of Directors approved the engagement letter for JPMorgan. On January 4, 2005, the Company publicly announced its decision to explore strategic alternatives.

In late January of 2005, JPMorgan began contacting potentially interested parties to discuss a possible business combination with the Company or the sale of all or individual parts of the Company. During the succeeding weeks, JPMorgan contacted 99 parties, including 43 potential strategic parties and 56 financial sponsors including each of Zodiac and The Carlyle Group, separately. By mid-February 2005, JPMorgan had, after entering into confidentiality agreements with interested parties, distributed 74 descriptive memoranda, of which 28 were sent to potential strategic parties and 46 to financial sponsors, with requests to submit preliminary indications of interest for the entire Company or its constituent businesses by February 17, 2005.

On January 24, 2005, JPMorgan made an initial call to Jean-Marc Daillance of Zodiac regarding Water Pik, and sent him a form of confidentiality agreement. Zodiac and its counsel shortly thereafter began to negotiate the confidentiality agreement with O'Melveny & Myers LLP, Water Pik's special counsel in connection with the strategic process. On January 31, 2005, JPMorgan held a follow-up telephone call with Mr. Daillance, during which Mr. Daillance confirmed Zodiac's interest in discussing potential opportunities with Water Pik. A final confidentiality agreement was executed on February 18, 2005 and copies of the descriptive memorandum were sent to Zodiac on February 21, 2005.

Carlyle and O'Melveny & Myers began negotiating a confidentiality agreement on January 31, 2005, and a final agreement was executed on February 3, 2005.

On February 23, 2005, the Board of Directors held a telephonic meeting, at which all of the Board members were present and representatives of Company management and JPMorgan also participated. JPMorgan summarized the preliminary indications of interest received to that point for the Board of Directors. JPMorgan informed the Board that 25 preliminary indications of interest, which did not include indications of interest from either Zodiac or Carlyle, had been received from 22 entities, and that JPMorgan expected to receive several additional indications of interest from other entities, including Zodiac, in the near future. Nine of the indications of interest were for the entire Company. In addition, a large number of indications of interest were submitted for individual businesses or parts thereof, including stand-alone indications of interest for the pool products, heating systems, and personal health care businesses, and the shower products, oral health care and professional oral health divisions of the personal health care business. The Board of Directors determined to continue discussions concerning potential business combinations involving the entire Company or sales of constituent businesses with those parties that had submitted attractive indications of interest. On March 8, 2005, JPMorgan opened the electronic data room to, and the Company began holding management presentations and facility tours for, the parties designated by the Board of Directors.

In early March of 2005, Zodiac contacted JPMorgan by telephone and received consent to approach Carlyle and several other financial sponsors about their potential interest in submitting a joint indication of interest to acquire the Company, and terms of such a joint indication of interest.

On March 18, 2005, Zodiac and Carlyle together submitted a preliminary indication of interest for the pool products business. Zodiac and Carlyle's letter indicated that the proposed acquisition would be accomplished through a newly formed entity 20 percent owned by Zodiac and 80 percent owned by Carlyle.

On March 24, 2005, members of Water Pik management conducted a management presentation in JPMorgan's New York offices for combined representatives of Zodiac and Carlyle. On March 24, 2005, Carlyle, Zodiac and their representatives received access to the electronic data room and began their due diligence review regarding the Company's pool products business. Between April 4, 2005 and April 25, 2005, the Company responded to numerous requests of Zodiac for additional information, providing written documentation and participating in due diligence conference calls and a face-to-face meeting between Zodiac and the managers of the pool products business.

On April 8, 2005, JPMorgan distributed a second-round indication of interest instruction letter and a draft form of merger agreement to selected parties, including Zodiac and Carlyle, with a request to submit revised indications of interest by April 27, 2005.

On May 4, 2005, the Board of Directors held a telephonic special meeting to review the strategic process. All of the members of the Board were present and representatives of Company management, JPMorgan, O'Melveny & Myers and Richards, Layton & Finger, P.A., the Company's special Delaware counsel, also participated. JPMorgan informed the Board of Directors that to date a total of 27 preliminary indications of interest had been received from 24 entities, 13 management presentations had been conducted, and after extensive due diligence nine final indications of interest had been submitted, consisting of four indications of interest for the entire Company (excluding, in each case, certain of the Company's businesses that would need to be divested) and five indications of interest for various constituent businesses of the Company, including a preliminary indication of interest submitted by Carlyle and Zodiac on April 27, 2005 for the acquisition of the pool products business through a newly formed entity 20 percent owned by Zodiac and 80 percent owned by Carlyle, which was contingent upon completion of due diligence and satisfactory negotiation of definitive documentation. JPMorgan advised the Board that, in light of the potentially interested parties' positions with respect to divestiture of certain of the Company's businesses, it might be possible to maximize stockholder value by selling off these business units separately prior to the sale of the Company's core pool products business. JPMorgan noted for the Board of Directors, however, that a break-up strategy of this type involved considerable risks, including the potential inability to coordinate and complete the various sales effectively, the distraction of management due to negotiations with multiple parties, and extensive disruption to the normal business of the Company. The Board of Directors at this time authorized management and JPMorgan to continue the process of exploring strategic alternatives.

Beginning in May 2005, the Company primarily pursued the sale of its businesses other than the pool products business. During May and June of 2005, the Company negotiated the sale of its heating systems business to Bradford White Corporation, which sale closed on June 30, 2005. JPMorgan and the Company also engaged in negotiations with a number of potentially interested parties for, at various times and among other transaction structures that were discussed, (i) the coordinated sale of the showerhead business and the remainder of the Company to two parties, (ii) the coordinated sale of the oral healthcare business and the showerhead business to two parties, and (iii) the stand-alone sale of the personal health care business as a whole. None of these negotiations, however, led to the signing of a definitive sale agreement. The only contacts made between JPMorgan and the Company on the one hand and Carlyle and Zodiac on the other hand between May and November of 2005 were a telephone call from JPMorgan to Zodiac and Carlyle on July 22, 2005 providing a status update on the strategic process, and a discussion on September 7, 2005, between JPMorgan and representatives of Zodiac and Carlyle, in which Zodiac and Carlyle expressed a possible interest in pursuing a purchase of the entire Company.

On November 2, 2005, Carlyle sent an e-mail to JPMorgan inquiring about the status of the strategic process. JPMorgan indicated in its response to Carlyle that the Company might in the near future resume exploring a business combination transaction involving the entire Company, in which event an updated presentation would be sent to potentially interested parties.

On November 10, 2005, the Board of Directors met in a special telephonic meeting to discuss the status of the strategic process. Representatives of JPMorgan and O'Melveny & Myers also attended the meeting. JPMorgan advised the Board of Directors that, in light of the inability of the Company to reach an agreement for the sale of Water Pik's individual businesses and in light of the long-term disruptions this process had created among management and the Company as a whole, the Board of Directors should again explore the possibility of a business combination involving the Company as a whole. JPMorgan noted that a number of potentially interested parties, including Zodiac and Carlyle, had indicated some interest in purchasing the entire Company, inclusive of the personal health care business. The Board of Directors authorized JPMorgan to approach the primary potentially interested parties that had previously indicated a willingness to consider purchasing the entire Company with the opportunity to perform additional due diligence and submit an offer for the entire Company.

On November 18, 2005, Zodiac and Carlyle sent a follow-up e-mail to JPMorgan expressing continued interest in a potential purchase of Water Pik and providing a potential timeline for a sale transaction.

On November 19, 2005, an updated management presentation was sent to the selected potentially interested parties, including Zodiac and Carlyle, together with a process letter and a draft form of merger agreement.

On November 29, 2005, representatives of Carlyle and Zodiac met with the Water Pik management team in Newport Beach, and conducted due diligence on the pool products and personal health care businesses at the Company's facilities during the following two days. On December 9, 2005, Carlyle and Zodiac submitted an indication of interest for the purchase of the entire Company at a price of $29.60 per share. The indication of interest indicated that the transaction would be financed through a combination of debt and equity. The proposal was contingent upon the granting of an exclusivity period for the negotiation of definitive documentation, Zodiac and Carlyle's completion of confirmatory due diligence, and the execution of fully-committed debt financing documentation. Accompanying the letter was a revised version of the form of merger agreement reflecting Zodiac and Carlyle's revisions to the form, which included, among other revisions, the addition of Zodiac and Carlyle's receipt of financing as a closing condition.

The Company's Board of Directors held a special telephonic meeting on December 12, 2005, at which all of the Board members were present and representatives of Company management, JPMorgan, O'Melveny & Myers and Richards, Layton & Finger also participated. After reviewing the then current expressions of interest with JPMorgan, the Board of Directors authorized the Company's representatives to negotiate an exclusivity agreement with Zodiac and Carlyle.

At various times from December 12, 2005 through December 15, 2005, representatives of O'Melveny & Myers and JPMorgan negotiated the terms and conditions of the exclusivity agreement with Latham & Watkins LLP, Parent's legal advisors. On December 15, 2005, the parties executed the exclusivity agreement, providing for an exclusivity period ending at 5:00 p.m., New York City time, on January 3, 2006. The exclusivity agreement also required Zodiac and Carlyle to provide to the Company, on or prior to December 23, 2005, an update on the status of their due diligence efforts and any open issues that had been identified as of such date, and to confirm that Zodiac and Carlyle (as of such time) continued to be prepared to proceed with the transaction on substantially the same terms as set forth in the December 9 letter.

Beginning on December 15, 2005, Zodiac and Carlyle and their representatives, including Latham & Watkins LLP and PricewaterhouseCoopers LLP, conducted confirmatory due diligence.

On December 16, 2005, O'Melveny & Myers distributed to Latham & Watkins a revised version of the form merger agreement. At various times from December 9, 2005 through December 30, 2005, representatives of O'Melveny & Myers and JPMorgan negotiated the terms and conditions of the merger agreement and related agreements and documents with Latham & Watkins and Carlyle and Zodiac's financial advisors, Lazard Frères & Co. LLC, which we refer to as Lazard, and exchanged drafts thereof.

On December 23, 2005, Zodiac and Carlyle delivered the letter required by the exclusivity agreement, setting forth the status of their due diligence efforts and confirming that they continued to be prepared to proceed with the proposed transaction on substantially the same terms as set forth in their December 9, 2005 letter, subject to completion of continued due diligence.

On December 30, 2005, representatives of Carlyle and Zodiac called JPMorgan and indicated that based on their review following December 23, 2005 of certain items disclosed during the course of Carlyle and Zodiac's financial due diligence on the Company and in an effort to resolve all outstanding issues in the negotiations regarding the merger agreement they were making a revised proposal. As part of such proposal, Carlyle and Zodiac indicated that they were, among other matters, substituting an offer of $27.00 in cash per share for their initial indication of interest of $29.60 in cash per share, willing to waive the financing condition in the merger agreement, and proposed a reverse termination fee payable to the Company upon termination of the merger agreement by the Company under certain circumstances. Later that afternoon, Latham & Watkins distributed a revised draft of the merger agreement, reflecting those terms.

On January 2, 2006, Company management, JPMorgan, O'Melveny & Myers and Richards, Layton & Finger held a conference call to discuss Carlyle's December 30, 2005 proposal and the revised draft of the merger agreement distributed by Latham & Watkins.

On January 3, 2006, Carlyle and Zodiac delivered a letter to the Company indicating that they had completed their confirmatory diligence and based on the negotiations to date, they were willing to make a best and final offer including the following terms: merger consideration equal to $27.75 in cash per share, no financing condition, a reverse termination fee of $5 million (provided that the merger agreement closing conditions are satisfied and certain conditions in the debt commitment letter are satisfied), and an April 26 closing date.

During the period from January 3, 2006 through January 6, 2006, the parties and their respective advisors finalized the terms of the merger agreement, including, among others, establishing a reverse termination fee if the Company terminates the merger agreement (1) because of a breach of any representation, warranty, covenant or agreement on the part of Parent or Merger Co set forth in the merger agreement or if any such representations or warranties become untrue or inaccurate and such untruth, inaccuracy or breach (a) is not curable before the end date through the exercise of commercially reasonable efforts by Parent and Merger Co and (b) would give rise to the failure of the closing conditions established for the benefit of the Company, and (2) at the time of termination the mutual closing conditions and the closing conditions for the benefit of Parent and Merger Co are satisfied or waived. The parties agreed that the reverse termination fee would be $5 million if the Company terminates the merger agreement under the circumstances set forth in the preceding sentence; provided that if the Company terminates the merger agreement under the circumstances set forth in the preceding sentence and at the time of such termination Parent's and Merger Co's debt financing has been fully funded or made fully available, then the reverse termination fee would be $10 million. They also finalized the terms of separate guaranty agreements to be entered into by Carlyle and Zodiac under which such the obligors thereunder would guarantee their respective portions of the reverse termination fee payment obligations of Parent and Merger Co under the merger agreement, plus any related fees, expenses and interest.

The Company's Board held a special telephonic meeting on January 5, 2006, at which all of the Board members were present and representatives of Company management, JPMorgan, Houlihan Lokey Howard & Zukin, O'Melveny & Myers and Richards, Layton & Finger also participated. During this meeting, JPMorgan began its review with the Board of its financial analysis of the merger consideration. In this regard, JPMorgan discussed the history of the Company's efforts since engaging JPMorgan to assist the Company in exploring its strategic alternatives and the auction that resulted in Carlyle and Zodiac obtaining an exclusive right to negotiate with the Company. JPMorgan then discussed with the Board the negotiations with Carlyle and Zodiac surrounding the merger consideration, the premium that the final proposed merger consideration yielded as compared to the Company's most recent trading price and the price at which the Company's common stock was trading when it first announced that it was exploring strategic alternatives and the implied firm value of the merger consideration over the Company's last twelve months EBITDA. JPMorgan then began to discuss the key conditions to closing and termination fees. Before JPMorgan completed its presentation, however, the Board of Directors began a lengthy discussion of certain financial terms and conditions of the merger agreement. In particular, the Board considered and discussed with its financial and legal advisors and Company management the nature and effect of a reverse termination fee. In considering the nature and effect of the reverse termination fee, the Board of Directors requested information about the status and nature of the debt and equity financing commitment letters. After a discussion of their fiduciary duties with Richards, Layton & Finger, the Board then determined to adjourn the meeting without further action until January 6, 2006 so that they could receive and review the debt and equity commitment letters. By unanimous action, the Board agreed to adjourn the meeting and reconvene on January 6, 2006.

On the evening of January 5, 2005, Company management, Zodiac and Carlyle, O'Melveny & Myers and Latham & Watkins negotiated the remaining terms of the merger agreement, and Latham & Watkins distributed a substantially final draft debt financing commitment letter to O'Melveny & Myers.

The Company's Board held another special telephonic meeting on January 6, 2006, at which all of the members of the Board were present and representatives of Company management, JPMorgan, Houlihan Lokey Howard & Zukin, O'Melveny & Myers and Richards, Layton & Finger also participated. O'Melveny & Myers reviewed with the Board the principal final terms of the merger agreement and the debt and equity financing commitment letters, which had been submitted to the Board on January 5, 2006 following the prior Board meeting. Richards, Layton & Finger then reviewed with the Board its fiduciary duties in connection with the proposed transaction and the terms of the proposed amendment to the Company's rights agreement. Also at this meeting, JPMorgan reviewed with the Board its financial analysis of the merger consideration. This financial analysis included (1) a summary of the key terms of the proposed merger, including the financing terms; (2) information with respect to implied multiples for the Company based on the $27.75 offer price; (3) the substantial premium of the offer price compared to (a) the highest price at which the Company's common stock has traded, (b) the highest trading price in the last 30 days and (c) the price at which the Company's common stock was trading following the issuance of the January 4, 2005 press release indicating that the Company was exploring strategic alternatives; (4) information with respect to market trading and transaction comparables; and (5) information with respect to a discounted cash flow analysis, leveraged buy-out analysis and a valuation analysis if the Company were to break up its segments and sell them separately. JPMorgan also commented that it believed this transaction represented the most favorable terms available to the Company with this or any other bidder and in considering this transaction as compared to not doing a transaction at all, it was JPMorgan's belief that given the substantial premium and uncertainty of attaining such a valuation by running the business as a continued stand-alone operation, consummating the transaction was more attractive than not doing the transaction at all. JPMorgan also noted that it may be involved in the debt financing of the merger consideration, but that its role in the financing, if any, had not yet been determined. JPMorgan also rendered to the Board an oral opinion, which opinion was subsequently confirmed in writing, to the effect that, as of that date and based upon and subject to the matters described in its opinion, the merger consideration was fair, from a financial point of view, to the holders of the Company's common stock. Houlihan Lokey then delivered its financial analyses in connection with the proposed transaction. This financial analysis included information with respect to (1) the premium of the $27.75 offer price compared to (a) the highest price at which the Company's common stock has traded, (b) the closing market price on January 4, 2006 and (c) the price at which the Company's common stock was trading the day before the issuance of the January 4, 2005 press release indicating that the Company was exploring strategic alternatives and (2) the value of the offer price, (x) on both a segment and consolidated basis, based on (i) market trading and transaction comparables and (ii) a discounted cash flow analysis and (y) based on a public market approach. At the end of its presentation, Houlihan Lokey rendered to the Board an oral opinion, which opinion was subsequently confirmed in writing, to the effect that, based upon and subject to the factors and assumptions set forth in its opinion, and in reliance thereon, as of the date of the opinion, the consideration to be received by the common stockholders of the Company in the merger was fair to them from a financial point of view. During the course of the meeting, Richards, Layton & Finger also discussed with the Company's Board, and provided advice to the Company's Board with respect to, the interests that the Company's directors and executive officers have in the merger that may be different from, or in addition to, the interests of the Company's stockholders generally. Following discussions and questions by the Board members to the Company's financial and legal advisors and Company management, the Company's Board, by unanimous action, approved and declared advisable the merger agreement and the merger and resolved to recommend that the Company's stockholders adopt the merger agreement.

Immediately following the adjournment of the Board meeting on January 6, 2006, the Company entered into an amendment of the rights agreement with Mellon Investor Services LLC and later that evening the Company, Parent and Merger Co executed the merger agreement and issued a press release announcing the merger.

Recommendation of the Company's Board of Directors and Reasons for the Merger

The Board of Directors of Water Pik, by unanimous vote, determined that the terms of the merger agreement, including the merger consideration of $27.75 in cash per share of common stock, and the merger are advisable and fair to, and in the best interests of, the stockholders of the Company. **The Board of Directors recommends that stockholders vote "FOR" the adoption of the merger agreement.**

In the course of reaching its decision to approve the merger agreement, the Company's Board of Directors consulted with the Company's financial and legal advisors, reviewed a significant amount of information and considered the following material factors:

- the Board's belief that the merger was more favorable to the stockholders than any other alternative reasonably available to the Company and its stockholders based on the fact that the $27.75 to be paid for each share of the Company's common stock represents a substantial premium over the current and historical market prices of the Company's common stock, and because of the uncertain returns to the stockholders in light of the Company's business, operations, financial condition, strategy and prospects;

- the Board's belief that the sale contemplated by the merger agreement offered better potential value to the Company's stockholders than the other alternatives available to Water Pik, including the alternatives of remaining a stand-alone, independent company, or of selling the component parts of the Company's business to multiple bidders, particularly in light of the completion risks and extended time periods that such a "break-up" sale strategy would entail;

- the fact that the Company and JPMorgan conducted an extensive process for the acquisition of the Company and its component businesses involving over 100 parties and sent confidential information to 82 parties that resulted in 5 definitive proposals to acquire the entire Company and 5 definitive proposals to acquire component businesses of the Company;

- the fact that the price proposed by Parent represented was greater than the highest price that the Company had received for the acquisition of the Company from any other party and the Board's belief that no superior offer for the purchase of Water Pik would be forthcoming, based on the extensive marketing efforts and negotiations with potential purchasers undertaken by the Company and JPMorgan over a period of almost 12 months;

- the current and historical market prices of the Company's common stock, including the fact that the cash merger price of $27.75 per share represented a premium of approximately 56 percent to the closing price on January 3, 2005, the last trading day before the Company announced that it was considering strategic alternatives, a premium of approximately 30 percent to the average closing price of the Company's common stock for the 30 trading days through January 6, 2006, and a substantial premium to the trading price of the Company's common stock during the period between the public announcement of the Company's consideration of strategic alternatives and January 6, 2006;

- the financial presentation of JPMorgan, including its opinion as to the fairness, from a financial point of view, to the holders of the Company's common stock of the merger consideration to be received by such holders in the merger (see "The Merger Opinion of J.P. Morgan Securities, Inc.");

- the financial presentation of Houlihan Lokey Howard & Zukin, including its opinion as to the fairness as of the date thereof, from a financial point of view, of the consideration to be received by the common stockholders of the Company in the merger (see "The Merger   Opinion of Houlihan Lokey Howard & Zukin");

- the efforts made by the Company and its advisors to negotiate and execute a merger agreement favorable to the Company;

- the financial and other terms and conditions of the merger agreement as reviewed by our Board of Directors (see "The Merger Agreement") and the fact that they were the product of arm's-length negotiations between the parties;

- the debt commitment letters obtained by Parent indicated a strong commitment on the part of the lenders with few conditions that would permit the lenders to terminate their commitment;

- the fact that the Company will receive a solvency opinion from an independent third party with respect to the solvency of the surviving corporation;
- the fact that the merger consideration is all cash, so that the transaction allows the Company's stockholders to immediately realize a fair value, in cash, for their investment and provides such stockholders certainty of value for their shares;
- the fact that, subject to compliance with the terms and conditions of the merger agreement, the Company is permitted to terminate the merger agreement, before the completion of the merger, in order to approve an alternative transaction proposed by a third party that is a "superior proposal" as defined in the merger agreement, upon the payment to Parent of a $10 million termination fee (representing approximately 2.6 percent of the total equity value of the transaction) (see "The Merger Agreement Termination Fees and Expenses"); and
- the fact that the Company would not have to establish damages in the event of a termination of the merger agreement by the Company resulting from a breach by Parent or Merger Co of the merger agreement in light of the Parent termination fee described below under the heading "The Merger Agreement Termination Fees and Expenses."

The Company's Board of Directors also considered a variety of risks and other potentially negative factors concerning the merger agreement and the merger, including the following:

- the fact that an all cash transaction would be taxable to the Company's stockholders for U.S. federal income tax purposes;
- the risk that the merger might not be completed in a timely manner or at all, including the risk that the merger will not occur if the financing contemplated by the debt commitment letters is not obtained;
- the risks and costs to the Company if the merger does not close, including the diversion of management and employee attention, potential employee attrition and the potential effect on business and customer relationships;
- the fact that the Company's stockholders will not participate in any future earnings or growth of Water Pik and will not benefit from any appreciation in value of Water Pik;
- the restrictions on the conduct of the Company's business prior to the completion of the merger, requiring the Company to conduct its business only in the ordinary course, subject to specific limitations, which may delay or prevent the Company from undertaking business opportunities that may arise pending completion of the merger; and
- the fact that the Company is entering into a merger agreement with a newly formed corporation with essentially no assets or operations of its own and, accordingly, that its sole remedy against Parent, Merger Co, the guarantors or any of their respective stockholders, partners, members, affiliates, directors, officers or agents for losses suffered as a result of the breach of the merger agreement by Parent or Merger Co or the failure of the merger to be consummated upon termination of the merger agreement is limited to $10 million (plus fees, expenses and interest), if at the time of termination Parent or Merger Co has received the funds available under the Senior Secured Facilities (described below) or the lenders have made such financing available to Parent or Merger Co, and only $5 million (plus fees, expenses and interest), if at the time of such termination such funds are not available to Parent or Merger Co.

After considering these factors, the Board of Directors concluded that the positive factors relating to the merger agreement and the merger outweighed the negative factors. In view of the wide variety of factors considered by our Board of Directors, our Board of Directors did not find it practicable to quantify or otherwise assign relative weights to the foregoing factors. In addition, individual members of our Board

of Directors may have assigned different weights to various factors. Our Board of Directors approved and recommends the merger agreement and the merger based upon the totality of the information presented to and considered by it.

After consideration, the Company's Board of Directors, by unanimous vote:

- has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable, fair to and in the best interests of the Company and its stockholders;

- has approved the merger, the merger agreement and the transactions contemplated by the merger agreement; and

- **recommends that the Company's stockholders vote "FOR" the adoption of the merger agreement**.

Opinion of J.P. Morgan Securities, Inc.

Pursuant to an engagement letter dated December 14, 2004, the Company retained JPMorgan as its financial advisor in connection with the merger. At the meeting of the Company's Board of Directors on January 6, 2006, JPMorgan rendered its oral opinion, subsequently confirmed in writing, to the Company's Board of Directors that, as of such date and based upon and subject to the factors and assumptions set forth in its opinion, the consideration to be paid to holders of the Company's common stock in the merger was fair, from a financial point of view, to such holders.

The full text of the written opinion of JPMorgan, dated January 6, 2006, which sets forth the assumptions made, matters considered and limits on the review undertaken by JPMorgan in rendering its opinion, is attached as Annex B to this proxy statement and is incorporated by reference into this proxy statement. The Company's stockholders are urged to read the opinion carefully in its entirety. JPMorgan's opinion is addressed to the Company's Board of Directors, in connection with and for the purposes of its evaluation of the merger, and is directed only the fairness, from a financial point of view, of the consideration to be received by the holders of the Company's common stock in the merger and does not constitute a recommendation to any of the Company's stockholders as to how such stockholder should vote at the Special Meeting. The summary of the opinion of JPMorgan set forth in this proxy statement is qualified in its entirety by reference to the full text of the opinion.

In arriving at its opinion, JPMorgan, among other things:

- reviewed the merger agreement;

- reviewed certain publicly available business and financial information concerning the Company and the industries in which it operates;

- compared the proposed financial terms of the merger with the publicly available financial terms of certain transactions involving companies JPMorgan deemed relevant and the consideration received for such companies;

- compared the financial and operating performance of the Company with publicly available information concerning certain other companies JPMorgan deemed relevant and reviewed the current and historical market prices of the Company's common stock and certain publicly traded securities of those other companies;

- reviewed certain internal financial analyses and forecasts prepared by the managements of the Company relating to its businesses;

- performed such other financial studies and analyses and considered such other information as JPMorgan deemed appropriate for the purpose of its opinion; and contacted a number of third parties to solicit indications of interest in a possible transaction with the Company and held discussions with certain of these parties.

JPMorgan also held discussions with certain members of the management of the Company and Parent with respect to certain aspects of the merger, and the past and current business operations of the Company, the financial condition and future prospects and operations of the Company and certain other matters JPMorgan believed necessary or appropriate for its inquiry.

In giving its opinion, JPMorgan relied upon and assumed, without assuming responsibility or liability for independent verification, the accuracy and completeness, in all material respects, of all information that was publicly available or was furnished to or discussed with JPMorgan by the Company or Parent or was otherwise reviewed by or for JPMorgan. JPMorgan did not conduct, and was not provided with, any valuation or appraisal of any assets or liabilities, nor did JPMorgan evaluate the solvency of the Company or Parent under any state or federal laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts provided to it, JPMorgan assumed that they were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of the Company to which such analyses or forecasts relate. JPMorgan expressed no view as to such analyses or forecasts or the assumptions on which they were based. JPMorgan also assumed that the merger and the other transactions contemplated by the merger agreement would be consummated as described in the merger agreement, and that the definitive merger agreement would not differ in any material respect from the draft provided to JPMorgan. JPMorgan relied as to all legal matters relevant to the rendering of its opinion upon the advice of counsel. JPMorgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the merger would be obtained without any adverse effect on the Company.

JPMorgan's opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to JPMorgan as of, the date of the opinion. Subsequent developments may affect JPMorgan's opinion, and JPMorgan does not have any obligation to update, revise, or reaffirm its opinion. JPMorgan's opinion is limited to the fairness, from a financial point of view, of the consideration to be received by the holders of the Company's common stock in the merger, and JPMorgan has expressed no opinion as to the fairness of the merger to, or any consideration of, the holders of any other class of securities, creditors or other constituencies of the Company or the underlying decision of the Company to engage in the merger.

The following is a summary of the material financial analyses utilized by JPMorgan in connection with providing its opinion. Some of the summaries of financial analyses are presented in tabular format. In order to understand the financial analyses used by JPMorgan more fully, you should read the tables together with the text of each summary. The tables do not constitute a complete description of JPMorgan's financial analyses. To fully understand the financial analyses, the tables should be read together with the text of each summary. Considering the data set forth in the table without considering the narrative description of the financial analyses, including the methodologies and assumption underlying the analyses, could create a misleading or incomplete view of the financial analyses.

Historical Stock Price Analyses.

JPMorgan reviewed the historical trading prices of the Company's common stock for 52-week period ending January 4, 2006. The high and low trading prices of the Company's common stock for such 52 weeks ending January 4, 2006 were $21.93 and $17.72, respectively. JPMorgan noted that the $27.75 per share price in the proposed transaction represented a 28 percent premium to the Company's closing stock price on January 6, 2006 and a 54 percent premium to the Company's trading price on January 4, 2005, the date the Company publicly announced that it was exploring "strategic alternatives" with respect to the business.

Comparable Trading Multiples.

Using publicly available information, including filings with the Securities and Exchange Commission and Tradeline, as well as published Wall Street equity research estimates, JPMorgan compared selected financial data of the Company with similar data for selected publicly traded companies which JPMorgan judged to be engaged in similar consumer products or pool products lines of business as the Company. These companies were selected, among other reasons, because of their operational and overall business similarities with the Company's business, although none of these companies were engaged in both lines of business in which the Company is engaged. The companies reviewed in connection with this analysis were:

Large Cap Consumer Products	Mid cap/Small Cap Consumer Products	Pool Products
Fortune Brands Inc.	Tupperware Brands Corp.(2)	Zodiac S.A.
Masco Corporation	Dorel Industries Inc.	Pentair Inc.
Whirlpool Corp.(1)	Blyth Inc.	SCP Pool Corp.
Newell Rubbermaid Inc.	De Longhi SPA	
Black & Decker Corp.	Helen of Troy Limited	
Energizer Holdings Inc.	Lifetime Brands, Inc.	
The Stanley Works	Young Innovations, Inc.	
Spectrum Brands, Inc.		

(1) *Pro forma for acquisition of Maytag*

(2) *Pro forma for acquisition of Sara Lee's Direct Selling business*

JPMorgan analyzed the multiples represented by the firm value, which consists of the market value of the particular company's equity, referred to as equity value, plus the particular company's net debt, of these companies compared to their estimated 2006 EBITDA and other financial measures based on filings with the Securities and Exchange Commission and Tradeline and publicly available equity research.

Based on this analysis, JPMorgan selected a range of firm value over estimated 2006 EBITDA multiples of 7.0 to 8.5x for the Company, which implied a range of equity value per share of the Company's common stock of $23.25 to $27.75, based on the Company's management estimate of 2006 EBITDA for the Company.

Comparable Transaction Analysis.

JPMorgan reviewed certain publicly-available financial information relating to the multiples implied by certain financial data of acquired companies that JPMorgan judged to be engaged in similar consumer products or pool products lines of business as the Companies. Those companies were acquired in the following transactions:

TRANSACTION COMPARABLES: POOL BUSINESS

Date	Acquirer	Target	Firm Value/ EBITDA
12/04	Zodiac S.A.	Polaris Pool Systems	10.0x
06/04	Hayward Pool Products, Inc.	Goldline Controls, Inc.	NA
02/04	Pentair Inc.	WICOR Industries	9.0(1)
11/03	Pentair Inc.	Everpure	NA
05/03	Polyair Inter Pack Inc.	Assets of Jacuzzi Inc.	NA
03/03	Bain Capital	Hayward Pool Products	7.6
09/02	Pentair Inc.	Plymouth Products, Inc.	NA
08/02	SCP Pool Corporation	Fort Wayne Pools	6.6
12/01	A.O. Smith Corporation	State Industries, Inc.	9.8
12/00	Grupo Industrial Saltillo	Calorex (American Standard)	NA
10/00	United Technologies Corp.	Specialty Equipment Companies	9.1
05/00	Ingersoll Rand Co.	Hussmann International, Inc.	11.4
01/00	Paribas Principal Partners	Polaris Pool Systems	8.8
11/99	United Technologies Corp.	Electrolux Commercial	NA
10/99	Lennox International	Service Experts Inc.	8.7
04/99	Pentair Inc.	Essef Corporation	9.7
Mean			**9.1**x
Median			**9.1**x

(1) *Based on Pentair Inc.'s management discussion in earnings conference call*

TRANSACTION COMPARABLES: PERSONAL HEALTHCARE BUSINESS

HOUSEHOLD AND PERSONAL CARE

01/05	The Procter & Gamble Company	The Gillette Company	19.4x
07/05	Investor Group	Del Laboratories, Inc.	11.3
02/04	GTCR Golder Rauner, LLC	Prestige Brands Holdings, Inc.	8.3
01/04	GTCR Golder Rauner, LLC	Medtech Inc.	8.0
12/03	The Henkel Group	Dial Corporation	10.6
09/03	Church & Dwight Co., Inc.	Unilever Oral Care	5.7
09/03	AEA Investors	Burt's Bees Inc.	9.0
01/03	Energizer Holdings, Inc.	Schick (Pfizer, Inc.)	8.9
12/02	Prestige Brands Holdings, Inc.	Clear Eyes/Murine Tears	5.8
03/02	Chattem Inc.	Selsun Blue (Abbott Laboratories)	5.6
12/01	Tyco, Inc.	Paragon Trade Brands	6.9
11/01	Johnson Wax Professional	DiverseyLever (Unilever)	8.4
05/01	Armkel Inc.	Carter-Wallace, Inc's healthcare	6.9
12/00	Ecolab Inc.	Henkel-Ecolab Ltd (50%)(1)	7.7
10/00	SmithKline Beecham (SB)	Block Drug Company, Inc.	12.0
03/00	Prestige Brands Holdings, Inc.	Prell/Chloraseptic Throat Sprays	5.9
07/99	Reckitt & Colman plc	Benckiser N.V.	11.1
05/99	Seton Scholl	London International Group (LIG)	11.1
02/99	JW Childs Associates LP	American Safety Razor Co.	7.1
07/98	The Henkel Group	DEP Corporation/USA	6.9
12/96	The Clorox Company	Armor All	14.0
09/96	The Gillette Company	Duracell International Inc.	14.1
Mean			**9.3**x
Median			**8.4**x

DURABLES

08/05	Whirlpool Corporation	Maytag Corporation	9.2x
01/05	Rayovac Corp.	United Industries Corporation	8.6
03/04	Kohlberg Kravis Roberts & Co.	Sealy Corporation	9.3
11/03	Thomas H Lee Partners	Simmons Company	9.2
08/03	Rayovac Corp.	Remington Products Company	6.9
08/02	Rayovac Corp.	Varta AG's battery business	6.9
09/00	JG Durand Industries	Mikasa, Inc.	6.5
05/00	Oneida Ltd.	Sakura, Inc.	6.7
08/99	Corning Inc.	Ekco Group, Inc.	8.0
06/99	Waterford Wedwood Plc	All-Clad, Inc.	9.0
04/99	Libby Inc. (withdrawn)	Oneida Ltd.	9.3
10/98	Newell, Inc.	Rubbermaid Incorporated	17.0
Mean			**8.9**x
Median			**8.8**x

(1) *Ecolab acquired the 50% stake in the Henkel-Ecolab joint venture that it did not already own*

Based on this analysis, JPMorgan selected a range of firm value over estimated LTM (Last twelve months as of December 31, 2005) EBITDA multiples of 8.0 to 9.0x for the Company, which implied a range of equity value per share of the Company's common stock of $24.75 to $27.50, based on the Company's management estimate of LTM EBITDA for the Company.

It should be noted that none of the companies or the selected transactions used in the above analysis is identical to the Company as a whole or its businesses individually, and that none of the transactions considered was identical to the merger. Accordingly, an analysis of the results of the foregoing necessarily involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and the selected transactions and other factors that may have affected the selected transactions and/or affect the merger.

Discounted Cash Flow Analysis.

Using management projections, JPMorgan conducted discounted cash flow analyses for the Company for the purpose of estimating the equity value per share of the Company's common stock. JPMorgan calculated the unlevered free cash flows that the Company is expected to generate during fiscal years 2006 through 2016 based on projections prepared by the Company's management. JPMorgan then calculated the firm value and the equity per share value using a range of discount rates of 9.0 percent to 10.0 percent and expected terminal growth rates of 2.5 percent to 3.0 percent. JPMorgan chose these discount rate ranges based upon an analysis of the Company's weighted average costs of capital. Using the methodology and assumptions described above, the discounted cash flow analysis indicated an implied equity value of between $27.65 per share and $33.30 per share.

JPMorgan also performed a sensitivity analysis on management's projections to illustrate the effect of increases or decreases in sales growth, EBITDA and EBIT margin. This discounted cash flow sensitivity analysis indicated an implied equity value of between $25.03 per share and $30.11 per share.

Leveraged Buyout Analysis.

Using management projections, JPMorgan calculated potential returns to equity investors in connection with a hypothetical leveraged acquisition of the Company. For purposes of this analysis, JPMorgan assumed (i) the transaction would be completed on December 31, 2005, (ii) the Company could support maximum total debt of 5.25x LTM EBITDA, and (iii) the exit multiple of firm value over estimated 2010 EBITDA would range from 6.5x to 7.5x. Based on this analysis, JPMorgan established a reference range of $22.80 per share to $26.22 per share.

JPMorgan also performed a sensitivity analysis on management's projections to illustrate the effect of increases or decreases in sales growth, EBITDA and EBIT margin. This leveraged buyout sensitivity analysis indicated an implied equity value of between $21.49 per share to $24.43 per share.

Breakup Analysis.

JPMorgan calculated a low and high per share value of the Company based on estimated LTM EBITDA of its component assets and liabilities. To derive a per share value, JPMorgan calculated the net proceeds which the Company would be able to receive for each of the pool products and personal healthcare business in a breakup transaction. This analysis indicated an aggregate imputed range of values per share of the Company's common stock of $24.41 to $27.23.

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by JPMorgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. JPMorgan believes that the foregoing summary set forth above and its analyses must be considered as a whole and that selecting portions of it, without considering all of its analyses, could create an incomplete view of the processes underlying the analyses and its opinion. No single factor or analysis was determinative of JPMorgan's fairness determination. Rather, JPMorgan considered the totality of the factors and analyses performed in determining its opinion. JPMorgan based its analyses on assumptions that it deemed reasonable, including those concerning general business and economic conditions and industry-specific factors. The other principal assumptions upon which JPMorgan based its analysis have been described under the description of each analysis in the foregoing summary. Analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and analyses used or made by JPMorgan are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, JPMorgan analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold.

As part of its investment banking business, JPMorgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for estate, corporate and other purposes. JPMorgan was selected to deliver an opinion to the Company's Board of Directors with respect to the merger on the basis of such experience and its familiarity with the Company.

Pursuant to its engagement letter, JPMorgan has acted as financial advisor to the Company with respect to the proposed merger, and agreed to render an opinion to the Company as to the fairness, from a financial point of view, of the consideration to be paid to holders of the Company's common stock, and will receive a fee of approximately $7.9 million from the Company for its services if the merger is consummated. In addition, regardless of whether the transaction is consummated, Water Pik agreed to indemnify JPMorgan and related persons against certain liabilities, including liabilities under federal securities laws that arise out of the engagement of JPMorgan, and to reimburse JPMorgan for its reasonable expenses. JPMorgan and certain of its affiliates and each of their respective employees and certain private investment funds affiliated or associated with JPMorgan have invested in private equity funds managed or advised by the private investment firms whose affiliates are stockholders of the Purchaser. In the ordinary course of JPMorgan's businesses, JPMorgan and its affiliates may actively trade the debt and equity securities of the Company for JPMorgan's own account or for the accounts of customers and, accordingly, JPMorgan may at any time hold long or short positions in such securities.

Opinion of Houlihan Lokey Howard & Zukin

Pursuant to engagement letter dated December 14, 2005, the Board of Directors requested that Houlihan Lokey render to it a written opinion (the "Houlihan Lokey opinion") as to whether the consideration to be received by the common stockholders of Water Pik in the transaction is fair to them from a financial point of view.

The Board of Directors retained Houlihan Lokey based upon its experience in the valuation of businesses and their securities in connection with mergers, acquisitions, recapitalizations and similar transactions. Houlihan Lokey is a nationally recognized investment banking firm that is continually engaged in providing financial advisory services and rendering fairness opinions in connection with mergers and acquisitions, leveraged buyouts, business valuations and securities valuations for a variety of regulatory and planning purposes, recapitalizations, financial restructurings and private placements of debt and equity securities.

At the meeting of the Company's Board of Directors on January 6, 2006, Houlihan Lokey made a presentation to the Board in which it outlined its analysis of the proposed transaction. During this meeting, Houlihan Lokey reviewed with the Board of Directors certain financial analyses summarized below, and rendered its oral opinion (which was followed by the rendering of a written opinion later that day) to the Board of Directors that, on the basis of its analysis summarized below and subject to the limitations described below, and in reliance thereon, as of January 6, 2006, the consideration to be received by the common stockholders of Water Pik in the transaction is fair to them from a financial point of view. We refer to the opinion issued by Houlihan Lokey on January 6, 2006 as the "Houlihan Lokey opinion" in this proxy statement.

The full text of the Houlihan Lokey opinion, which describes, among other things, the assumptions made, general procedures followed, matters considered and limitations on the review undertaken by Houlihan Lokey in rendering the Houlihan Lokey opinion is attached as Annex C to this proxy statement and is incorporated herein by reference. The summary of the Houlihan Lokey opinion in this statement is qualified in its entirety by reference to the full text of the Houlihan Lokey opinion. Water Pik stockholders are urged to read the Houlihan Lokey opinion in its entirety.

The terms of the transaction, including the type and amount of the consideration, were determined through negotiations between Water Pik and Parent and Merger Co and were approved by the Board of Directors of each corporation. The decision to enter into the transaction was solely that of the Board of Directors and Houlihan Lokey has not expressed an opinion as to the merits of the decision by Water Pik to engage in the transaction. The Houlihan Lokey opinion and the presentation of Houlihan Lokey to the Board of Directors were only one of a number of factors taken into consideration by the Board of Directors in making its determination to approve the transaction. The Houlihan Lokey opinion is not intended to be, and does not constitute, a recommendation to any Water Pik stockholder as to whether or not to support the merger and does not constitute a recommendation to any Water Pik stockholder as to how to vote on any matter relating to the transaction. The Houlihan Lokey opinion was furnished for the benefit of the Board of Directors in evaluating the transaction.

As compensation to Houlihan Lokey for its services in connection with the rendering of the Houlihan Lokey opinion, Water Pik agreed to pay Houlihan Lokey a fee of $350,000 for its services. No portion of the Houlihan Lokey fee was contingent upon the conclusions reached in the Houlihan Lokey opinion or is contingent upon the consummation of the transaction. In addition, regardless of whether the transaction is consummated, Water Pik agreed to indemnify Houlihan Lokey and related persons against certain liabilities, including liabilities under federal securities laws that arise out of the engagement of Houlihan Lokey, and to reimburse Houlihan Lokey for its reasonable expenses.

In connection with the Houlihan Lokey opinion, Houlihan Lokey made such reviews, analyses and inquiries as Houlihan Lokey deemed necessary and appropriate under the circumstances. Among other things, Houlihan Lokey:

1. spoke with certain members of the senior management of Water Pik regarding the operations, financial condition, future prospects and projected operations and performance of Water Pik and regarding the transaction, and spoke with representatives of Water Pik's investment bankers regarding Water Pik, the transaction, and related matters;

2. visited Water Pik's headquarters located in Newport Beach, California;

3. reviewed Water Pik's SEC filings on Form 10-K for the fiscal years ended December 31, 2003 and September 30, 2005, and on Forms 10-K and 10-K/A (Transition Reports) for the transition period from January 1, 2004 to September 30, 2004;

4. reviewed internally prepared financial statements for the two months ended November 30, 2005, which Water Pik's management identified as being the most current financial statements available, for each of Water Pik's individual segments;

5. reviewed forecasts and projections prepared by Water Pik's management with respect to Water Pik and its individual segments, for the fiscal years ending September 30, 2006 through 2010;

6. reviewed a draft dated January 5, 2006 of the Agreement and Plan of Merger;

7. reviewed the Confidential Descriptive Memorandum prepared by JP Morgan;

8. reviewed the Management Presentation dated March 2005 and Business Performance Update dated November 2005, both prepared by Water Pik's management, and certain other financial schedules prepared by Water Pik's management;

9. reviewed the historical market prices and trading volume for Water Pik's publicly traded securities and those of certain publicly traded companies which Houlihan Lokey deemed relevant;

10. reviewed certain other publicly available financial data for certain companies that Houlihan Lokey deemed relevant and publicly available transaction prices and premiums paid in change of control transactions that Houlihan Lokey deemed relevant; and

11. conducted such other financial studies, analyses and inquiries as Houlihan Lokey have deemed appropriate.

For purposes of the Houlihan Lokey opinion, Houlihan Lokey relied upon and assumed, without independent verification, the accuracy and completeness, in all material respects, of all data, material and other information (including, without limitation, the financial forecasts and projections) furnished, or otherwise made available, to Houlihan Lokey, discussed with or reviewed by Houlihan Lokey, or publicly available, and does not assume any responsibility with respect to such data, material and other information. For purposes of the Houlihan Lokey opinion, Houlihan Lokey relied upon and assumed, without independent verification, that there has been no material change in the assets, liabilities, financial condition, results of operations, business or prospects of Water Pik since the date of the most recent financial statements provided to Houlihan Lokey, and that there is no information or facts that would make the information reviewed by Houlihan Lokey materially incomplete or misleading. For purposes of the Houlihan Lokey opinion, Houlihan Lokey also assumed that Water Pik is not party to any material pending transaction (other than the transaction), including, without limitation, any external financing, recapitalization, acquisition or merger, divestiture or spin-off.

In connection with its review, Houlihan Lokey considered financial forecasts and projections prepared by the management of Water Pik. For purposes of the Houlihan Lokey opinion, Houlihan Lokey relied upon and assumed, without independent verification, that the financial forecasts and projections were prepared on bases reflecting Water Pik's good faith estimates and judgments of the future financial results and condition of Water Pik, and Houlihan Lokey expressed no opinion with respect to such forecasts and projections or the assumptions on which they are based. The financial forecasts and projections were prepared under market conditions as they existed as of the latter part of December 2005 and Water Pik's management does not intend to provide Houlihan Lokey with any updated or revised financial forecasts or projections. The financial forecasts and projections do not take into account any circumstances or events occurring after the date they were prepared. In addition, factors such as industry performance, general business, economic, regulatory, market and financial conditions, as well as changes to the business, financial condition or results of operations of Water Pik, may cause the financial forecasts or projections or the assumptions underlying such forecasts or projections to be inaccurate. As a result, the financial forecasts and projections may not be relied upon as necessarily indicative of future results. For purposes of the Houlihan Lokey opinion, Houlihan Lokey assumed that Water Pik would perform, in all material respects, in accordance with such forecasts and projections for all periods specified therein. Changes to such forecasts or projections could affect the Houlihan Lokey opinion.

For purposes of the Houlihan Lokey opinion, Houlihan Lokey relied upon and assumed, without independent verification, that (a) the representations and warranties of all parties to the January 5, 2006 draft of the Agreement and Plan of Merger identified in item 6 above and all other related documents and instruments that are referred to therein are true and correct (subject to the qualifications stated therein), (b) each party to all such agreements would perform all of the covenants and agreements required to be performed by such party, (c) all conditions to the consummation of the transaction would be satisfied without waiver thereof and (d) the transaction would be consummated in accordance with the terms described in the agreements provided to Houlihan Lokey, without any amendments or modifications thereto or any adjustment to the aggregate consideration (through offset, reduction, indemnity claims, post-closing purchase price adjustments or otherwise). For purposes of the Houlihan Lokey opinion, Houlihan Lokey also relied upon and assumed, without independent verification, that all governmental, regulatory, and other consents and approvals necessary for the consummation of the transaction would be obtained and that no delay, limitations, restrictions or conditions would be imposed that would result in the disposition of any material portion of the assets of Water Pik, or otherwise have an adverse effect on Water Pik or the expected benefits of the transaction and that the transaction would be consummated in a manner that complies in all respects with the applicable federal, state and local statutes, rules and regulations.

Furthermore, Houlihan Lokey was not requested to make, and did not make, any physical inspection or independent appraisal or evaluation of any of the assets, properties or liabilities (whether contingent, derivative, off-balance-sheet or otherwise) of Water Pik, nor was Houlihan Lokey provided with any such appraisal or evaluation. Furthermore, Houlihan Lokey was not engaged to prepare, and did not prepare, a valuation of Water Pik and the Houlihan Lokey opinion should not be construed as such. Furthermore, Houlihan Lokey undertook no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims or other contingent liabilities, to which Water Pik is a party or may be subject, or of any governmental investigation of any possible unasserted claims or other contingent liabilities to which Water Pik is a party or may be subject. The Houlihan Lokey opinion made no assumption concerning, and therefore did not consider, the potential effects of any such litigation, claims or investigations or possible assertions of claims, outcomes or damages arising out of any such matters.

Houlihan Lokey was not requested to, and did not, (a) initiate any discussions with, or solicit any indications of interest from, third parties with respect to the transaction or any alternatives to the transaction, (b) negotiate the terms of the transaction, or (c) advise the Board of Directors with respect to alternatives to the transaction. The Houlihan Lokey opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Houlihan Lokey as of the date of its opinion. Houlihan Lokey did not undertake, and is under no obligation, to update, revise, reaffirm or withdraw the Houlihan Lokey opinion, or otherwise comment on or consider events occurring after the date of the Houlihan Lokey opinion.

In connection with rendering the Houlihan Lokey opinion, Houlihan Lokey performed certain financial, comparative and other analyses as described below. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial and comparative analysis and the application of those methods to the particular circumstances. Such an opinion is not, therefore, readily susceptible to summary description. Furthermore, in arriving at the Houlihan Lokey opinion, Houlihan Lokey did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Houlihan Lokey believes that its analyses must be considered as a whole and that consideration of any portion of such analyses and factors, without consideration of all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying the Houlihan Lokey opinion. In its analyses, Houlihan Lokey made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Water Pik. None of Water Pik, Houlihan Lokey or any other person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses were not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by these analyses. In addition, analyses relating to the value of businesses do not purport to be appraisals or to reflect the prices at which businesses actually may be sold.

The following is a summary of the material financial analyses used by Houlihan Lokey in connection with the delivery of the Houlihan Lokey opinion to the Board of Directors. The financial analyses summarized below were based upon market prices as of January 4, 2006 unless otherwise noted. The financial analyses summarized below include information presented in tabular format. In order fully to understand the financial analyses used by Houlihan Lokey, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Accordingly, the analyses listed in the tables and described below must be considered as a whole. Consideration of any portion of such analyses and the factors considered, without consideration of all analyses and factors, could create a misleading or incomplete view of the process underlying the Houlihan Lokey opinion.

Water Pik Valuation

In its January 6, 2006 oral presentation, Houlihan Lokey separately evaluated Water Pik's Pool Products segment ("Pool Products") and its Personal Health Care Products segment ("PHC"), with the evaluation of Water Pik as a whole derived by adding together the results of the segment evaluations. This approach was taken as Houlihan Lokey considered the individual segments to be two distinct businesses from a valuation perspective and adding the results derived from evaluating the individual segments provided a more appropriate valuation methodology than evaluating Water Pik as a whole. Houlihan Lokey also utilized a public stock pricing approach to value Water Pik.

Public Stock Pricing

Houlihan Lokey reviewed the historical market prices and trading volume for Water Pik's publicly held shares and reviewed publicly available SEC filings, news articles, and press releases relating to Water Pik. Houlihan Lokey observed that following Water Pik's announcement on January 4, 2005 regarding its intention to pursue strategic alternatives to enhance stockholder value and the engagement of JP Morgan Securities (the "Strategic Alternatives Announcement"), the Water Pik common stock traded as a 'deal stock' indicating the market anticipated a transaction involving Water Pik. Therefore, in order to analyze the historical trading performance of Water Pik common stock, Houlihan Lokey reviewed the trading performance of Water Pik for the period prior to January 4, 2005 as well as for the period ending on January 4, 2006.

During the 52-week period ending January 4, 2006, the stock price of Water Pik ranged from $17.62 to $21.93 per share. Houlihan Lokey noted that the closing stock price of Water Pik on January 3, 2005 (the day prior to the Strategic Alternatives Announcement) was $17.81. Houlihan Lokey also noted that the closing stock price of Water Pik on January 4, 2006 (two days prior to the Board of Directors' consideration of Carlyle/Zodiac's offer of $27.75) was $21.30.

This methodology yielded an enterprise value from operations of $293.0 million for Water Pik.

Comparable Company Analysis

Houlihan Lokey calculated certain financial ratios of the comparable companies based on the most recent publicly available information, including multiples of: (i) enterprise value to latest twelve months earnings before interest, taxes, depreciation and amortization (which we refer to as "EBITDA" in this proxy statement) and enterprise value to next fiscal year projected EBITDA, and (ii) enterprise value to latest twelve months earnings before interest and taxes (which we refer to as "EBIT" in this proxy statement) and enterprise value to next fiscal year projected EBIT. Enterprise value is calculated by adding an entity's book value of existing net debt and preferred stock to its market value of equity.

Pool Products

In order to assess how the public market valued shares of similar publicly traded companies, Houlihan Lokey reviewed certain financial data of the following comparable companies in the pool industry selected solely by Houlihan Lokey to be reasonably similar to Pool Products on the basis of operational and economic comparability: Jacuzzi Brands Inc., Pentair Inc., Polyair Inter Pak Inc. and SCP Pool Corporation.

The analyses showed that the multiples exhibited by the comparable companies in the Pool Products segment as of January 3, 2006 were as follows:

Pool Products Comparable Companies' Multiples	Enterprise Value /EBITDA Latest Twelve Months	Enterprise Value /EBIT Latest Twelve Months
Low	7.4x	9.3x
Median	10.4x	12.8x
Mean	10.7x	12.4x
High	14.3x	15.3x
	Next Fiscal Year	**Next Fiscal Year**
Low	8.0x	9.0x
Median	8.5x	10.3x
Mean	9.6x	10.9x
High	12.5x	13.5x

Houlihan Lokey derived enterprise value indications for Pool Products by applying a range of EBITDA multiples of 8.0x to 9.0x and a range of EBIT multiples of 8.5x to 9.5x to latest twelve months operating results and a range of EBITDA multiples of 6.5x to 7.5x and a range of EBIT multiples of 7.0x to 8.0x to projected next fiscal year operating results. Due to the inherent differences between the business, operations and prospects of Pool Products and the businesses, operations and prospects of each of the companies included in the comparable company analysis, Houlihan Lokey believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the comparable company analysis and, accordingly, also made qualitative judgments concerning differences between the financial and operating characteristics and prospects of Pool Products and the companies included in the comparable company analysis that would affect the public trading values of each.

PHC

In order to assess how the public market valued shares of similar publicly traded companies, Houlihan Lokey reviewed certain financial data of the following consumer products companies selected by Houlihan Lokey based solely on Houlihan Lokey's view that they were reasonably similar to PHC on the basis of operational and economic comparability: Fortune Brands Inc., Helen of Troy Corporation, Ltd., Black & Decker Corporation, Newell Rubbermaid Inc., Jarden Corporation, Lifetime Brands Inc., Masco Corporation, Energizer Holdings Inc. and Spectrum Brands Inc.

The analyses showed that the multiples exhibited by the comparable companies in the PHC segment as of January 3, 2006 were as follows:

PHC Comparable Companies' Multiples	Enterprise Value /EBITDA Latest Twelve Months	Enterprise Value /EBIT Latest Twelve Months
Low	7.8x	8.7x
Median	9.6x	11.7x
Mean	9.5x	11.7x
High	12.2x	14.4x
	Next Fiscal Year	**Next Fiscal Year**
Low	7.7x	8.9x
Median	8.1x	10.0x
Mean	8.4x	10.1x
High	10.1x	11.5x

Houlihan Lokey derived enterprise value indications for PHC by applying a range of EBITDA multiples of 5.0x to 5.5x and a range of EBIT multiples of 9.0x to 10.0x to latest twelve months operating results and a range of EBITDA multiples of 4.5x to 5.0x and a range of EBIT multiples of 8.0x to 9.0x to projected next fiscal year operating results.

Due to the inherent differences between the business, operations and prospects of PHC and the businesses, operations and prospects of each of the companies included in the comparable company analysis, Houlihan Lokey believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the comparable company analysis and, accordingly, also made qualitative judgments concerning differences between the financial and operating characteristics and prospects of PHC and the companies included in the comparable company analysis that would affect the public trading values of each.

Overall Results of Comparable Company Analysis

By adding together the derived enterprise value indications for Pool Products and PHC, Houlihan Lokey derived a range of enterprise value from operations of $269.7 to $305.6 million for Water Pik's operations.

Discounted Cash Flow Analysis

Houlihan Lokey performed separate discounted cash flow analyses on the projected financial information of Pool Products and PHC based upon the projections provided by Water Pik for fiscal years 2006 through 2010. Houlihan Lokey discounted to present value the projected stream of net debt-free cash flow, defined as EBIT less taxes as adjusted for certain projected non-cash items (such as depreciation and amortization), projected capital expenditures and projected working capital adjustments. To estimate the residual value of each of the segments at the end of the forecast periods, or terminal value, Houlihan Lokey utilized the "Exit Multiple" method.

Pool Products

For Pool Products, Houlihan Lokey applied a range of EBITDA exit multiples of 8.0x to 9.0x to projected 2010 EBITDA based on the following selected change of control transactions in the pool products industry:

COMPARABLE TRANSACTIONS: POOL PRODUCTS

Date	Acquirer	Target
01/2005	Zodiac SA	Polaris Holding Corp.
03/2004	Glencoe Capital LLC	Consolidated Mercantile Inc.
08/2004	Pentair, Inc.	WICOR, Inc.
01/2004	Water Pik Technologies, Inc.	Huron Tech Systems
07/2003	European Corner SA	Certikin International Ltd
05/2003	Consolidated Mercantile Inc	Pool Businesses of Jacuzzi Inc.

The discount rates used in the discounted cash flow analysis were calculated based on Water Pik's weighted average cost of capital, which represents the blended, after-tax costs of debt and equity. Houlihan Lokey applied discount rates of 13.0 percent to 15.0 percent.

PHC

For PHC, Houlihan Lokey applied a range of EBITDA exit multiples of 5.0x to 6.0x to projected 2010 EBITDA, based on the following selected change of control transactions in the consumer products industry:

COMPARABLE TRANSACTIONS: PHC

Date	Acquirer	Target
09/2005	Amalgamated Appliances Holdings	Salton, Inc. Amalgamated Appliances Holdings
09/2005	Controladora Mabe SA de CV	Camco, Inc.
01/2005	Enterprise Investors	Zelmer SA
06/2005	Jardin International Holding BV	Newell Rubbermaid, Inc. Curver
10/2004	JRT Acquisition, Inc.	Home Products International, Inc.
09/2003	Rayovac Corp	Remington Products Co. LLC
09/2003	The Black & Decker Corp.	Hardware & Weiser Lock Businesses of Masco Corp
05/2003	Salton, Inc.	Amalgamated Appliances Holdings

The discount rates used in the discounted cash flow analysis were calculated based on Water Pik's weighted average cost of capital, which represents the blended, after-tax costs of debt and equity. Houlihan Lokey applied discount rates of 13.0 percent to 15.0 percent.

Overall Results of Discounted Cash Flow Analysis

Overall, this methodology yielded a range of enterprise value from operations of $344.9 to $410.6 million for Water Pik's operations.

Comparable Transaction Analysis

Pool Products

Houlihan Lokey reviewed the consideration paid in the above noted change of control acquisitions. The analysis showed that the multiples exhibited in the change of control transactions were as follows:

Pool Products Comparable Companies' Multiples	Enterprise Value /EBITDA Latest Twelve Months
Low	6.7x
Median	9.0x
Mean	8.8x
High	10.6x

In performing its analysis under this approach, Houlihan Lokey considered that the merger and acquisition transaction environment varies over time because of, among other things, interest rate and equity market fluctuations and industry results and growth expectations. No company or transaction used in the analysis described above was directly comparable to Pool Products. However, Houlihan Lokey reviewed the foregoing transactions to understand the range of multiples of EBITDA for companies in the pool industry.

Houlihan Lokey derived enterprise value indications of Pool Products by applying selected EBITDA multiples to latest twelve months operating results.

PHC

Houlihan Lokey reviewed the consideration paid in the above noted change of control acquisitions. The analysis showed that the multiples exhibited in the change of control transactions were as follows:

PHC Comparable Companies' Multiples	Enterprise Value /EBITDA Latest Twelve Months
Low	3.8x
Median	5.8x
Mean	6.1x
High	9.9x

In performing its analysis under this approach, Houlihan Lokey considered that the merger and acquisition transaction environment varies over time because of, among other things, interest rate and equity market fluctuations and industry results and growth expectations. No company or transaction used in the analysis described above was directly comparable to PHC. However, Houlihan Lokey reviewed the foregoing transactions to understand the range of multiples of EBITDA for companies in the consumer products industry.

Houlihan Lokey derived enterprise value indications of PHC by applying selected EBITDA multiples to latest twelve months operating results.

Overall Results of Comparable Transaction Analysis

Overall, this methodology yielded a range of enterprise value from operations of $312.7 to $332.1 million for Water Pik's operations.

Houlihan Lokey's Conclusion

Based on the aforementioned public market, market multiple, comparable transaction and discounted cash flow methodologies, together with adjustments that Houlihan Lokey felt were appropriate in its analysis, Houlihan Lokey's analysis yielded indications of the market value of equity of Water Pik of $315 million to $382 million, or $23.35 per share to $28.07 per share.

Determination of Fairness

After determining the equity value of Water Pik, Houlihan Lokey noted that the consideration of $27.75 per share as provided for in the transaction is within the range of the indications of value resulting from Houlihan Lokey's analyses described above. Accordingly, Houlihan Lokey determined that, based upon and subject to the factors and assumptions set forth in the Houlihan Lokey opinion, and in reliance thereon, as of the date of the Houlihan Lokey opinion, the consideration to be received by the common stockholders of the Company in the merger was fair to them from a financial point of view.

Purpose and Structure of the Merger

The purpose of the merger is to allow the Company's stockholders to immediately realize the value of their investment in Water Pik in cash and to enable Parent to acquire the Company. The Company's Board of Directors believes, based upon the reasons discussed under " Recommendation of the Board of Directors and Reasons for the Merger" above, that the merger agreement and merger are advisable and fair to, and in the best interests of, the Water Pik stockholders.

The transaction has been structured as a cash merger in order to provide the Company's stockholders with cash for all of their shares and stock options and to provide a prompt and orderly transfer of ownership of Water Pik with reduced transaction costs.

Certain Effects of the Merger

If the merger agreement is adopted by the Company's stockholders, and certain other conditions to the closing of the merger are either satisfied or waived, Merger Co will be merged with and into Water Pik, with Water Pik being the surviving corporation.

Following the merger, all of the equity in Water Pik will ultimately be owned by Parent. If the merger is completed, Water Pik's stockholders will have no further interest in Water Pik's net book value or net earnings. Following the merger, the entire interest in Water Pik's net book value and net earnings will be held through Parent by the stockholders of Parent.

When the merger is completed, each share of Water Pik common stock issued and outstanding immediately before the effective time of the merger (other than shares held in the treasury of the Company, owned by Parent, Merger Co or any direct or indirect wholly-owned subsidiary of Parent or the Company or held by stockholders who are entitled to and who properly exercise appraisal rights under Delaware law) will be converted into the right to receive $27.75 in cash. The merger agreement provides that immediately before the effective time of the merger, all outstanding options to acquire Water Pik common stock will become fully vested and immediately exercisable unless otherwise agreed between the holder of any such options and Parent. All options not exercised before the merger will be cancelled and converted into a right to receive an amount in cash (without interest), equal to the product of (1) the total number of shares of Water Pik common stock subject to the option multiplied by (2) the excess of $27.75 over the exercise price per share of Water Pik common stock under such option, less any applicable withholding taxes.

At the effective time of the merger, the Company's current stockholders will cease to have ownership interests in Water Pik or rights as Water Pik stockholders. Therefore, such current stockholders will not participate in any future earnings or growth of the Company and will not benefit from any appreciation in value of the Company.

The Company's common stock is currently registered under the Securities and Exchange Act of 1934, as amended (the "Exchange Act") and is quoted on the New York Stock Exchange ("NYSE") under the symbol "PIK." As a result of the merger, Water Pik will be a privately held corporation, and there will be no public market for its common stock. After the merger, the common stock will cease to be quoted on the NYSE, and price quotations with respect to sales of shares of common stock in the public market will no longer be available. In addition, registration of the common stock under the Exchange Act will be terminated. This termination will render certain provisions of the Exchange Act, such as the requirement of furnishing a proxy or information statement in connection with stockholders' meetings, no longer applicable to Water Pik. After the effective time of the merger, Water Pik will also no longer be required to file periodic reports with the SEC on account of its common stock.

At the effective time of the merger, the directors of Merger Co will become the directors of the surviving corporation and the officers of the surviving corporation will be the current officers of Water Pik. The certificate of incorporation of Water Pik will be amended to read in its entirety as set forth in Exhibit A to Annex A of this proxy statement. The bylaws of the Company in effect immediately prior to the effective time of the merger will be amended in their entirety as set forth as an exhibit to the merger agreement.

The benefit of the merger to Parent and its stockholders is that Water Pik's future earnings and growth will be solely for their benefit and not for the benefit of its current stockholders. The detriments of the merger to Parent and its stockholders are the lack of liquidity for the Water Pik capital stock, the risk that Water Pik will decrease in value following the merger, the incurrence by Water Pik of new long term debt and the payment by Water Pik or Parent of approximately $11.5 million in estimated fees and expenses incurred by Water Pik in connection with the merger. See " Financing of the Merger" and " Fees and Expenses of the Merger."

The benefit of the merger to the Company's stockholders is the right to receive $27.75 in cash per share for their shares of Water Pik common stock. The detriments are that the Company's stockholders will cease to participate in the Company's future earnings and growth, if any, and the receipt of the payment for the shares will be a taxable transaction for federal income tax purposes. See "The Merger Material U.S. Federal Income Tax Consequences."

Interests of Certain Persons in the Merger

In considering the recommendation of the Company's Board of Directors with respect to the merger, you should be aware that some of the Company's directors and executive officers have interests in the merger that may be different from, or in addition to, the interests of the Company's stockholders generally. These interests may present them with actual or potential conflicts of interest, and these interests, to the extent material, are described below. The Company's Board of Directors was aware of these interests and considered them, among other matters, in approving the merger agreement and the merger.

Treatment of Stock Options

As of February 17, 2006, there were approximately 1,364,953 shares of the Company's common stock subject to stock options granted under the Company's equity incentive plans to our current executive officers and directors. Unless otherwise agreed between the holder of a Company stock option and Parent, each outstanding stock option that remains unexercised as of the completion of the merger, whether or not the option is vested or exercisable, will be cancelled, and the holder of such stock option that has an exercise price of less than $27.75 will be entitled to receive a cash payment, without interest and less applicable withholding taxes, equal to the product of:

the number of shares of the Company's common stock subject to the option as of the effective time of the merger, multiplied by

the excess, if any, of $27.75 over the exercise price per share of common stock subject to such option.

Notwithstanding the foregoing, Parent may permit holders of certain Company stock options to elect before the effective time of the merger to exchange their outstanding Company stock options and receive substituted stock options to purchase an adjusted number of shares of common stock of Parent based on the merger consideration.

The following table summarizes the vested and unvested Company stock options with exercise prices of less than $27.75 held by our effective officers and directors as of February 17, 2006 and the approximate consideration that each of them will receive pursuant to the merger agreement in connection with the cancellation of their options, based on the weighted average exercise price of the options, assuming that the options are not exercised before the effective time of the merger, and assuming Parent does not permit the executive officers and directors to exchange their Company options for options to purchase Parent common stock:

	Number of Shares Underlying Options	Weighted Average Exercise Price of Options	Estimated Consideration (Before Withholding)
Non-Employee Directors:			
Robert P. Bozzone	9,000	$ 7.32	$ 183,905.00
W. Craig McClelland	9,000	$ 7.32	$ 183,905.00
William G. Ouchi	9,000	$ 7.32	$ 183,905.00
Charles J. Queenan, Jr.	9,000	$ 7.32	$ 183,905.00
F. Peter Cuneo	7,000	$ 8.22	$ 136,720.00
Executive Officers:			
Michael P. Hoopis	577,313	$ 8.89	$ 10,888,539.68
Robert A. Shortt	114,453	$ 9.58	$ 2,079,899.60
Victor C. Streufert	156,657	$ 9.00	$ 2,937,252.40
Richard P. Bisson	125,463	$ 8.93	$ 2,361,281.60
Robert J. Rasp	145,427	$ 9.77	$ 2,615,364.32
Theresa Hope-Reese	97,371	$ 9.28	$ 1,798,237.20
Richard D. Tipton	105,269	$ 8.79	$ 1,995,935.80

Treatment of Restricted Stock, Deferred Stock Unit and Performance Share Awards

As of February 17, 2006, there were approximately 526,675 shares of the Company's common stock represented by restricted stock, deferred stock unit and performance share awards held by the Company's directors and executive officers. At the effective time of the merger, all such equity awards shall become immediately vested and shall be converted into the right to receive cash equal to $27.75 per share subject to the award. Notwithstanding the foregoing, if the holder of any such equity award had made a deferred payment election with respect to an award prior to the date of the merger agreement, the payment with respect to that award shall be made in accordance with the terms of the deferred payment election.

The following table summarizes the restricted stock, deferred stock unit and performance share awards held by the Company's directors and executive officers as of February 17, 2006 and the approximate consideration that each of them will receive pursuant to the merger agreement in connection with the cancellation of such awards, assuming no deferred payment election has been made with respect to the awards:

	Number of Shares of Restricted Stock(1)	Number of Deferred Stock Units	Number of Performance Shares(2)	Estimated Consideration (Before Withholding)(2)
Non-Employee Directors:				
Robert P. Bozzone	9,000	0	0	$ 249,750.00
W. Craig McClelland	9,000	0	0	$ 249,750.00
William G. Ouchi	9,000	0	0	$ 249,750.00
Charles J. Queenan, Jr.	9,000	0	0	$ 249,750.00
F. Peter Cuneo	9,000	0	0	$ 249,750.00
Babette E. Heimbuch	9,000	0	0	$ 249,750.00
Executive Officers:				
Michael P. Hoopis	67,544	54,054	25,229	$ 4,074,449.25
Robert A. Shortt	36,358	33,108	11,318	$ 2,241,756.00
Victor C. Streufert	45,523	30,405	10,698	$ 2,403,871.50
Richard P. Bisson	19,737	0	9,205	$ 803,140.50
Robert J. Rasp	29,182	23,650	9,498	$ 1,729,657.50
Theresa Hope-Reese	19,402	12,473	8,219	$ 1,112,608.50
Richard D. Tipton	19,068	0	8,004	$ 751,248.00

(1) *The number of shares of restricted stock reflected in the table above does not include shares of stock owned by the director or executive officer that are not subject to vesting conditions.*

(2) *Performance share awards are payable based on the achievement of certain performance measurements for the three-year period ending September 30, 2006. The number of performance shares reflected in the table assumes a payout at the anticipated performance objective achievement level as of April 30, 2006 and a pro-ration of the number of shares subject to the award to reflect the short performance period ending as of April 30, 2006.*

Employment Agreements

The following executive officers of the Company have entered into employment agreements (collectively, the "employment agreements") with the Company which provide that they may be entitled to certain payments as a result of a change in control:

Michael P. Hoopis, the Company's President and Chief Executive Officer;

Robert A. Shortt, the Company's Executive Vice President   Sales, Marketing and Business Development;

Victor C. Streufert, the Company's Vice President   Finance and Chief Financial Officer;

Richard P. Bisson, the Company's Vice President   Operations;

Robert J. Rasp, the Company's Vice President and General Manger, Jandy Pool Products;

Theresa Hope-Reese, the Company's Vice President Human Resources; and

Richard D. Tipton, the Company's Vice President, General Counsel and Secretary.

A change in control for purposes of the employment agreements is defined to include the approval by the Company's stockholders of an agreement to merge with or into one or more entities as a result of which 50 percent or less of the outstanding voting securities of the surviving entity will be owned, directly or indirectly, by the Company's stockholders immediately prior to the transaction. The merger would thus constitute a change in control within the meaning of the employment agreements.

If an executive is terminated without "cause" or terminates employment for "good reason" in anticipation of, or within two years following, a change in control, the executive will be entitled to:

- a cash payment equal to two times (in the case of Mr. Hoopis, three times) the executive's current base salary;
- a cash payment equal to two times (in the case of Mr. Hoopis, three times) the amount of the full target bonus opportunity payable to the executive under the Company's executive bonus plan for the year in which the termination occurs or the previous year, whichever is higher, calculated as if *all* performance objectives subject to the award have been achieved;
- a cash payment equal to the amount of the full target bonus opportunity payable to the executive under the Company's executive bonus plan for the year in which the termination occurs, pro-rated based on the number of full months of employment completed by the executive in the year in which the termination occurs and calculated as if 120 percent of all performance objectives subject to the award have been achieved;
- a cash payment equal to the amount of the cash portion of the award payable to the executive under the Company's performance share plan for the year in which the termination occurs, pro-rated based on the number of full months of employment completed by the executive in the year in which the termination occurs and calculated as if 120 percent of all performance objectives subject to the award have been achieved;
- immediate vesting of the Company's contributions to its non-qualified deferred compensation plan on behalf of the executive;
- immediate vesting of all outstanding stock options and restricted stock held by the executive;
- up to $25,000 toward appropriate executive-level outplacement or job search assistance; and
- continued provision of benefits under the Company's benefit plans until the earlier of the executive's receipt of benefits substantially similar in scope and nature from another employer or three years after the termination of employment.

In connection with the severance payments and benefits described above, the executives are also entitled to an additional payment (a "gross-up payment") in the event that any payment or benefit provided to them would trigger excise taxes under Section 4999 of the Internal Revenue Code. The gross-up payment would be intended to put the executive in the same after-tax position as had the excise taxes under Section 4999 of the Internal Revenue Code not been triggered.

For purposes of the employment agreements, "cause" is defined as executive's:

- conviction of a felony;
- personal dishonesty directly affecting the Company;
- willful misconduct or gross negligence (which is not cured after prior written notice to the executive from the Company's Board of Directors, unless the conduct is not curable or is injurious to the Company);
- breach of a fiduciary duty involving personal profit to the executive; or
- intentional failure to substantially perform duties after written notice to the executive from the Company's Board of Directors that, in the reasonable judgment of the Company's Board of Directors, the executive has failed to perform specific duties.

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For purposes of the employment agreements, "good reason" is defined as any of the following:

the assignment to the executive of any duties inconsistent in any material respect with the executive's position, authority, duties or responsibilities, or any other action by the Company which results in the material diminution of such position, authority, duties or responsibilities, excluding an insubstantial or inadvertent action not taken in bad faith and which is remedied by the Company promptly after receiving notice;

any failure by the Company to pay compensation owed to the executive, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receiving notice;

a change in the executive's office location to an office that is greater than thirty-five miles from the executive's office as of the date of the employment agreement, provided the new office is also more than thirty-five miles from the executive's home; or

a termination by the Company without cause, or by the executive under any other part of the good reason definition, in anticipation of, or within two years following, a change in control.

The following table sets forth an estimate of the potential cash severance payments and the value of continued benefits that could be payable to the Company's executive officers as described above assuming, for illustrative purposes only, the executive officer's employment terminates without "cause" or for "good reason" on April 30, 2006:(1)

	Estimated Amount of Potential Cash Severance Payments(2)	Estimated Value of Benefits(2),(3)	Estimated Gross-up Payment(2),(4)	Total Estimated Consideration(2)
Michael P. Hoopis	$ 4,240,531	$ 93,961	$ 1,774,753	$ 6,109,245
Robert A. Shortt	$ 1,341,859	$ 91,587	$ 0	$ 1,433,446
Victor C. Streufert	$ 1,347,999	$ 88,464	$ 636,143	$ 2,072,606
Richard P. Bisson	$ 1,173,306	$ 73,918	$ 0	$ 1,247,224
Robert J. Rasp	$ 1,208,085	$ 87,054	$ 504,574	$ 1,799,713
Theresa Hope-Reese	$ 1,059,812	$ 68,778	$ 473,881	$ 1,602,471
Richard D. Tipton	$ 1,096,296	$ 89,319	$ 425,335	$ 1,610,950

(1) *The termination date of April 30, 2006 used to calculate the estimates set forth in the table is assumed for disclosure purposes only. The closing of the merger may occur before or after such date. In addition, as explained below in this section, some or all of the Company's executive officers may remain employed with the surviving corporation after the merger in which case severance benefits would not be payable on such date (if at all).*

(2) *Estimates are subject to change based on the date of completion of the merger, date of termination of the executive officer, interest rates then in effect and certain other assumptions used in the calculation.*

(3) *Represents the estimated value of outplacement benefits and continuation of certain health and welfare benefit plan coverage.*

(4)

Includes the estimated gross-up payment due with respect to the accelerated vesting of certain restricted stock, deferred stock units and performance share awards as described in this section, as well as the estimated gross-up payment due with respect to severance benefits.

Possible Continued Employment of Certain Executive Officers

Employees of the Company, including executive officers, will remain employed by the surviving corporation following the merger unless their employment is terminated or they resign. As of the date of this proxy statement, none of the Company's executive officers has entered into any agreements with Parent or its affiliates regarding employment with the surviving corporation. Although no such agreements currently exist, the Company's executive officers who remain with the surviving corporation following the merger may, prior or after the closing of the merger, enter into new arrangements with Parent or its affiliates (which may amend their existing agreements) regarding employment with the surviving corporation. Executive officers who continue working for the surviving corporation or its affiliates, or who resign voluntarily without good reason, might not qualify to receive some of the benefits described above.

Deferred Compensation Plans

The Company's executive officers are eligible to participate in deferred compensation plans maintained by the Company. The merger agreement provides that Parent will use commercially reasonable efforts to, and will use commercially reasonable efforts to cause the surviving corporation and each of its subsidiaries to, not terminate any deferred compensation plan earlier than December 31, 2010 and not terminate or withdraw funds from any trust holding assets relating to any such plan until all benefits under the plan have been satisfied. Notwithstanding the foregoing, the merger agreement does not restrict the right of Parent, the surviving corporation, or any of their respective subsidiaries to cease making company contributions to a deferred compensation plan or, for periods beginning after 2006, terminate the ability of participants to make deferral contributions to a deferred compensation plan.

Director Compensation

Each of the Company's non-employee directors receives an annual retainer fee for service on the Board of Directors (in addition to certain fees for attending Board and committee meetings). Under the Company's non-employee director stock compensation plan, non-employee directors must receive at least 25 percent (but may elect to receive up to 100 percent) of their annual retainer in shares of the Company's common stock. Pursuant to the plan, the Company issued an aggregate of 3,764 shares of common stock to non-employee directors on January 3, 2006 in lieu of all or a portion of the directors' 2006 annual retainer.

Indemnification and Insurance

The merger agreement provides that Parent will, and will cause the surviving corporation to fulfill and honor in all respects all of our obligations to indemnify, advance expenses to or exculpate (including any obligations to advance funds for expenses) the current or former directors or officers of Water Pik or any of its subsidiaries (the "indemnified parties") under our Restated Certificate of Incorporation, as amended, or Bylaws and any agreement between an indemnified party and Water Pik or a subsidiary in effect as of January 6, 2006 and that is listed in the disclosure schedules to the merger agreement. The certificate of incorporation and bylaws of the surviving corporation will, for a period of six years, contain provisions with respect to exculpation, indemnification and advancement of expenses that are at least as favorable to the indemnified parties as those contained in Water Pik's Restated Certificate of Incorporation, as amended, and Bylaws in effect on January 6, 2006.

For a period of six years after the effective time, Parent will, and will cause the surviving corporation to, maintain in effect the current policies of directors' and officers' liability insurance maintained by Water Pik covering those persons (but only those persons) who are covered by such policies as of January 6, 2006; provided, however, that in no event will Parent or the surviving corporation be required to pay an annual premium on such insurance policy that is greater than 200 percent of the annual premium payable by Water Pik as of January 6, 2006 for such coverage. If such coverage is no longer available (or is only available for an amount in excess of 200 percent of the annual premium), Parent and the surviving corporation will nevertheless be obligated to provide such coverage as may be obtained for such 200 percent amount. Parent and the surviving corporation will if requested by Water Pik, concurrent with the effective time, satisfy their obligations under the first sentence of this paragraph by purchasing a "tail" policy under Water Pik's existing directors' and officers' insurance policy that (1) has an effective term of six years from the effective time, (2) covers those persons (but only those persons) who are covered by Water Pik's directors' and officers' insurance policy in effect as of January 6, 2006, and (3) contains terms and conditions (including coverage amounts) that are no less advantageous than those contained in the terms and conditions of Water Pik's directors' and officers' insurance policies in effect as of January 6, 2006.

From the effective time through the sixth anniversary of the effective time, each of Parent and the surviving corporation will, jointly and severally, indemnify and hold harmless each indemnified party against all claims, losses, liabilities, damages, judgments, fines and reasonable fees, costs and expenses, including attorneys' fees and disbursements (collectively, "Costs"), incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to (1) the fact that the indemnified party is or was an officer, director, employee or agent of Water Pik or any subsidiary or (2) matters existing or occurring at or before the effective time (including the merger agreement and the transactions and actions contemplated by it), whether asserted or claimed before, at or after the effective time, to the fullest extent permitted under applicable law. Each indemnified party will be entitled to payment of expenses incurred in the defense of any claim, action, suit, proceeding or investigation from Parent and the surviving corporation, jointly and severally, within ten business days of receipt by the surviving corporation from the indemnified party of a request for payment; provided that any person to whom expenses are paid provides an undertaking, to the extent required by Delaware Law, to repay such amounts if it is ultimately determined that such person is not entitled to indemnification.

These provisions are intended to be for the benefit of, and are enforceable by, the indemnified parties and their heirs and personal representatives and will be binding on Parent and the surviving corporation and its successors and assigns.

Interests of Certain Other Employees

Certain other employees of the Company, in addition to the Company's directors and executive officers, have interests in the merger that may be different from, or in addition to, the interests of the Company's stockholders generally, including certain rights to severance benefits, transaction bonus payments and accelerated vesting of equity awards. Such other employees will only receive severance benefits in the event the employee is terminated without "cause" within one year following a change of control.

Financing of the Merger

Equity Financing

Parent has received an equity commitment letter dated January 6, 2006 from the Carlyle Fund and Zodiac, pursuant to which such parties have agreed to capitalize Parent with an aggregate equity contribution of up to $157 million.

The commitment to make the equity contribution is subject to (1) Parent having received (simultaneously with the closing of the merger) the proceeds of $240 million of term loan facilities and a $50 million revolving credit facility, up to $30 million of which may be drawn on the closing date of the merger on the terms and conditions set forth in the commitment letter of ING, dated as of January 6, 2006 and described below and (2) the satisfaction in full (or waiver by the Parent and Merger Co) of the mutual closing conditions and the closing conditions for the benefit of Parent and Merger Co, each as set forth in the merger agreement.

Debt Financing

Parent and Merger Co have received a debt commitment letter, dated as of January 6, 2006, from ING, which provides the following, subject to the conditions described below:

- a $165 million senior secured first lien term loan credit facility (the "First Lien Term Loan Facility") for the purpose of financing a portion of the merger consideration, repaying certain existing indebtedness of Water Pik and paying related fees and expenses incurred in connection with the merger and the equity and debt financing;

- a $75 million senior secured second lien term loan credit facility (the "Second Lien Term Loan Facility") for the purpose of financing a portion of the merger consideration, repaying certain existing indebtedness of Water Pik and paying related fees and expenses incurred in connection with the merger and the equity and debt financing; and

- a $50 million senior secured first lien revolving credit facility (the "Revolving Credit Facility" and together with the First Lien Term Loan Facility, the "First Lien Facilities" and together with the First Lien Term Loan Facility and the Second Lien Term Loan Facility, the "Senior Credit Facilities"), up to $30 million of which may be drawn on the closing date of the merger, for the purpose of financing a portion of the merger consideration, paying related fees and expenses incurred in connection with the merger and the equity and debt financing and providing ongoing working capital and financing for other general corporate purposes, including permitted acquisitions and investments (subject to certain limitations) of the surviving corporation and its subsidiaries.

The debt commitment letter expires on the earlier of June 30, 2006 and the completion of the documentation governing the Senior Credit Facilities. The documentation governing the Senior Credit Facilities has not been finalized and, accordingly, their actual terms may differ from those described in this proxy statement. Except as described herein, there is no current plan or arrangement to finance or repay the debt financing arrangements.

Conditions Precedent to the Debt Financing

The availability of the Senior Credit Facilities is subject to, among other things, the following conditions precedent:

- the satisfaction of conditions corresponding to the "material adverse effect" condition in the merger agreement;

- the consummation of the merger in accordance with the merger agreement (and no provision thereof being waived or amended in a manner material and adverse to the lenders without the consent of ING);

- the refinancing of certain existing indebtedness of Water Pik and its subsidiaries concurrently with the funding of the Senior Credit Facilities on terms and conditions reasonably satisfactory to ING;

- the borrower having received cash from the common equity investments of the Carlyle Fund and Zodiac, which comprises not less than 30 percent of the pro forma capitalization of the borrower following the merger;

- the delivery to ING of copies of certain audited and unaudited financial statements, including pro forma financial statements;

- the receipt and effectiveness of all material governmental consents and approvals necessary to consummate the merger and the expiration of applicable regulatory appeals and waiting periods;
- the receipt of a satisfactory solvency opinion from a third party appraiser, which opinion may be the same opinion provided for in the merger agreement;
- the payment of required fees and expenses;
- the negotiation, execution and delivery of satisfactory definitive credit and security documentation and the delivery of certain other customary certificates and documents; and
- the debt to normalized consolidated EBITDA ratio of the borrower not exceeding 5.5 to 1, after giving effect to the maximum amount of borrowings under the Revolving Credit Facility forecasted for 2006, not to exceed $30 million.

Senior Credit Facilities

General. The borrower under the Senior Credit Facilities will be the surviving corporation. The Senior Credit Facilities will consist of a $50 million first lien revolving credit facility with a term of six years, a $165 million first lien term loan facility with a term of seven years and a $75 million second lien term loan with a term of seven and a half years. Up to $10 million of the revolving credit facility will be available to a Canadian subsidiary of the borrower in both U.S. and Canadian dollars, with any borrowings by the Canadian borrower to be guaranteed by the surviving corporation. In addition, following the closing date of the merger, the borrower will be entitled to incur additional term loans under a new term loan facility, which may be included in the First Lien Facilities, in an aggregate principal amount of up to $80 million, subject to certain conditions, including that no default or event of default shall exist immediately before or after giving effect to such incurrence and that no lender under the Senior Credit Facilities will be required to provide such additional term loans. No alternative financing arrangements or alternative financing plans have been made to provide financing in lieu of the Senior Credit Facilities in the event that the Senior Credit Facilities are not available as anticipated.

ING has been appointed as lead arranger and bookrunner for the Senior Credit Facilities, and in its capacity as lead arranger will manage the syndication of the Senior Credit Facilities. Additional agents or co-agents for the Senior Credit Facilities may be appointed before completion of the merger.

Interest Rate and Fees. At the borrower's option, loans under the Senior Credit Facilities will bear interest based on either LIBOR (the London interbank offered rate) or ABR (a rate equal to the higher of (1) the federal funds effective rate plus 0.50 percent and (2) the rate of interest publicly announced by the Wall Street Journal as the prime rate then in effect) plus, in each case, an applicable margin. Loans under the Canadian revolving tranche that are in Canadian dollars will bear interest, at the Canadian borrower's option, equal to (1) the Canadian Dollar Prime Rate or (2) the Applicable BA Discount Rate. Upon the occurrence and during the continuance of a default, interest will accrue on overdue amounts at an annual rate of 2 percent in excess of the applicable rate plus margin. The applicable margin in respect of the loans under the First Lien Facilities is expected to be:

- 2.50 percent in the case of LIBOR loans and
- 1.50 percent in the case of ABR loans

The applicable margin in respect of the loans under the Second Lien Term Loan Facility is expected to be:

- 7.00 percent in the case of LIBOR loans and
- 6.00 percent in the case of ABR loans

After the surviving corporation's delivery of financial statements for the first full fiscal quarter ending after the effective date of the merger, the applicable margins will be subject to decrease pursuant to a leverage-based pricing grid.

In addition, the borrower will pay customary commitment fees (subject to decreases based on leverage), letter of credit fees and agency fees under the Senior Credit Facilities. Upon the initial funding of the Senior Credit Facilities, Parent and Merger Co have also agreed to pay an underwriting fee to ING.

Prepayments and Amortization. The borrower will be permitted to make voluntary prepayments at any time, without premium or penalty, and will be required to make mandatory prepayments with (1) net cash proceeds of non-ordinary course asset sales (subject to reinvestment rights and other exceptions), (2) issuances of debt (other than permitted debt and other exceptions), and (3) a percentage of the surviving corporation's excess cash flow (with step-downs based on leverage ratios). The First Lien Term Loan Facility is expected to be repaid in equal quarterly installments, in an aggregate annual amount equal to 1 percent of the original principal amount, with the balance payable on the final maturity date of the term loan. The Second Lien Term Loan Facility will not be amortized.

Guarantors. All obligations under the Senior Credit Facilities will be guaranteed by Parent and each of the existing and future direct and indirect, wholly-owned domestic subsidiaries of the surviving corporation as well as certain foreign subsidiaries.

Security. The obligations of the borrower and the guarantors under the Senior Credit Facilities will be secured, subject to permitted liens and other agreed upon exceptions, by (1) all the capital stock of the surviving corporation and its domestic subsidiaries, (2) 65 percent of the capital stock of all of the direct "first-tier" foreign subsidiaries of the surviving corporation and the guarantors and (3) substantially all present and future assets of Parent, the surviving corporation and each other guarantor except, in the case of any foreign subsidiary, to the extent such pledge or security interest would be prohibited by applicable law, would result in materially adverse tax consequences, or the associated costs of which are excessive in relation to the benefit of such pledge or security interest. The security required to be provided prior to the initial funding of the Senior Credit Facilities will be subject to customary exceptions for completion following the closing date of steps not practicable to be completed prior to such time.

Other Terms. The Senior Credit Facilities will contain customary representations and warranties and customary affirmative and negative covenants, including, among other things, restrictions on indebtedness, investments, sales of assets, mergers and consolidations, prepayments of subordinated indebtedness, capital expenditures, liens and dividends and other distributions and a minimum interest coverage ratio and a maximum total leverage ratio. The Senior Credit Facilities will also include customary events of defaults, including a change of control to be defined.

Guarantees; Remedies

In connection with the merger agreement, Zodiac and Carlyle Europe Partners II, L.P. have agreed to guarantee the due and punctual observance, performance and discharge of certain of the payment obligations of Parent under the merger agreement. Under the Carlyle Guaranty, Carlyle guaranteed 80 percent of Parent's obligation to pay the Parent Termination Fee, if any, to the Company arising under the merger agreement, up to a maximum of $8 million (plus interest, fees and expenses). Under the Zodiac Guaranty, Zodiac guaranteed 20 percent of Parent's obligation to pay the Parent Termination Fee, if any, to the Company arising under the merger agreement, up to a maximum of $2 million (plus interest, fees and expenses). Each guarantee will remain in full force and effect until the earlier of (1) the effective time of the merger, (2) the termination of the merger agreement (unless the merger is terminated by Water Pik under certain circumstances) or (3) the first anniversary of the date of such guarantee (unless Water Pik has commenced an action against the guarantor under the guarantee before the first anniversary).

We have agreed in the merger agreement that, the payment of the Parent Termination Fee and certain fees, expenses and interest, as provided in the Carlyle Guaranty and the Zodiac Guaranty are our exclusive remedy against Parent, Merger Co, the Carlyle Fund, Zodiac, or any of their respective stockholders, partners, members, affiliates, directors, officers or agents for loss suffered as a result of the breach of the merger agreement by Parent or Merger Co. or the failure of the merger to be consummated upon termination of the merger agreement.

Amendment to the Company's Rights Agreement

On November 12, 1999, Water Pik entered into a rights agreement with Mellon Investor Services LLC, as rights agent, in order to ensure that any strategic transaction undertaken by Water Pik would be one in which all stockholders can receive fair and equal treatment and to guard against coercive or other abusive takeover tactics that might result in unequal treatment of Water Pik's stockholders. In general, the rights agreement imposes a significant penalty upon any person or group that acquires 15 percent or more of Water Pik's outstanding common stock without the approval of our Board of Directors (an "Acquiring Person"). The rights agreement was amended on December 28, 2000 to exempt certain purchasers from the definition of an "Acquiring Person" and again on June 11, 2004 to provide that the rights agreement would not apply to certain "Qualified Offers."

On January 6, 2006, immediately before the execution of the merger agreement, the Company and the rights agent entered into an amendment to the rights agreement that provides that neither (x) the approval, execution or delivery of the merger agreement or any amendments, or (y) the commencement or, prior to termination of the merger agreement, the consummation of any of the transactions contemplated by the merger agreement, including the merger will entitle any holder of rights under the rights agreement to exercise such rights.

In addition, the amendment to the rights agreement provides that none of Parent, Merger Co nor any of their affiliates will be deemed to be an "Acquiring Person", and none of a "Distribution Date" (which occurs when the rights detach from the common stock), a "Shares Acquisition Date" (which is the first date of public announcement by the company or an "Acquiring Person" that an "Acquiring Person" has become such), an event described in Section 13 of the rights agreement (which occurs when the rights held by persons other than the "Acquiring Person" become exercisable to purchase common stock of the acquiring company), or an event described in Section 11(a)(ii) of the rights agreement (which occurs when the rights held by persons other than an "Acquiring Person" become exercisable to purchase common stock of the company at a discount) will be deemed to have occurred in each case as a result of either (x) or (y) above.

The amendment to the rights agreement also provides that the rights will expire immediately before the merger becomes effective.

Regulatory Matters

The HSR Act provides that transactions such as the merger may not be completed until certain information has been submitted to the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice and specified waiting period requirements have been satisfied. On February 13, 2006, the Company and Carlyle Europe Partners II, L.P. made the required filings with the Antitrust Division and the Federal Trade Commission. The applicable waiting period will expire on March 15, 2006, unless early termination is granted with respect to the required filings, or the waiting period is extended by additional requests for documents or information. In addition, The Carlyle Group made the required antitrust filings under German law and Austrian law on February 17, 2006.

At any time before or after consummation of the merger, the Antitrust Division or the Department of Justice or the Federal Trade Commission may, however, challenge the merger on antitrust grounds. Private parties could take antitrust action under the antitrust laws, including seeking an injunction prohibiting or delaying the merger, divestiture or damages under certain circumstances. Additionally, at any time before or after consummation of the merger, notwithstanding the expiration or termination of the applicable waiting period, any state could take action under its antitrust laws as it deems necessary or desirable in the public interest. There can be no assurance that a challenge to the merger will not be made or that, if a challenge is made, the Company, Parent and Merger Co will prevail.

Under the merger agreement, the Company, Parent and Merger Co have agreed to use their commercially reasonable efforts to obtain all required governmental clearances in connection with the execution of the merger agreement and completion of the merger. In addition, the Company, Parent and Merger Co have agreed to take commercially reasonable efforts to resolve any objections asserted on antitrust grounds with respect to the merger.

Except as noted above with respect to the required filings under the HSR Act and the antitrust laws of Germany and Austria, and the filing of a certificate of merger in Delaware at or before the effective date of the merger, we are unaware of any material federal, state or foreign regulatory requirements or approvals required for the execution of the merger agreement or completion of the merger.

Material U.S. Federal Income Tax Consequences

The following discussion summarizes the material U.S. federal income tax consequences of the merger that are generally applicable to United States holders (as defined below) of Water Pik common stock. This discussion is based on currently existing provisions of the Internal Revenue Code of 1986, as amended, which we refer to as the "Code" in this proxy statement, existing and proposed Treasury Regulations promulgated under the Code, and current administrative rulings and court decisions, all of which are subject to change, possibly with retroactive effect. This discussion does not address state, local or foreign tax consequences that may be applicable to the parties specified in the first sentence of this paragraph, and such parties should consult their own tax advisors with respect to such consequences.

The following discussion applies only to United States holders (as defined below) of Water Pik common stock who hold such shares as capital assets and may not apply to shares of Water Pik common stock acquired pursuant to the exercise of employee stock options or other compensation arrangements (and does not, except as specifically set forth below, apply to the exchange or cancellation of employee stock options, including the receipt of cash therefor), and this discussion does not address tax issues relevant to certain classes of taxpayers who may be subject to special treatment under the Code, such as banks and other financial institutions, insurance companies, tax-exempt investors, regulated investment companies, real estate investment trusts, persons subject to the alternative minimum tax, persons who hold their Water Pik common stock as part of a position in a "straddle" or as part of a "hedging" or "conversion" transaction, persons who are deemed to sell their Water Pik common stock under the constructive sale provisions of the Code, stockholders that elect to use a mark-to-market method of accounting for their securities holdings, persons that have a functional currency other than the U.S. dollar, expatriates, S corporations, entities classified as partnerships for U.S. federal income tax purposes or stockholders who hold Water Pik common shares as dealers. All such United States holders should consult their own tax advisors concerning the U.S. federal income tax consequences of the merger to their particular situations.

Tax matters are very complex and the tax consequences of the merger to you will depend on the facts of your particular situation. You should consult your tax advisor for a full understanding of the tax consequences of the merger to you, including the federal, state, local and foreign tax consequences of the merger.

If a partnership holds Water Pik common stock, the tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner of a partnership holding Water Pik common stock should consult his, her or its tax advisors.

For purposes of this discussion, a "United States holder" means a holder that is (1) a citizen or resident of the United States for federal income tax purposes, (2) a corporation (or other entity treated as an association taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state, (3) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or (4) a trust if (a) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust, or (b) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

United States Holders

In general, United States holders of Water Pik stock who receive cash in exchange for their shares pursuant to the merger will recognize gain or loss for U.S. federal income tax purposes equal to the difference, if any, between their adjusted tax basis in their shares and the amount of cash received. If a stockholder holds Water Pik common stock as a capital asset, the gain or loss should generally be a capital gain or loss. If the stockholder has held the shares for more than one year, the gain or loss should generally be a long-term gain or loss. The deductibility of capital losses is subject to limitations.

In general, stockholders who receive cash in connection with the exercise of their appraisal rights will recognize gain or loss. Any stockholder considering exercising statutory appraisal rights should consult with his or her own tax advisor.

United States holders of Water Pik common stock may be subject to backup withholding at a rate of 28 percent on cash payments received in exchange for shares in the merger or received upon the exercise of appraisal rights. Backup withholding generally will apply only if the stockholder fails to furnish a correct social security number or other taxpayer identification number, or otherwise fails to comply with applicable backup withholding rules and requirements. Corporations generally are exempt from backup withholding. United States holders should complete and sign the substitute Form W-9 that will be part of the letter of transmittal to be returned to the paying agent following the completion of the merger to provide the information and certification necessary to avoid backup withholding.

Fees and Expenses of the Merger

We estimate that we will incur, in connection with the entire strategic review process and the sale of the Company (including the heating systems business) as described above in "The Merger Background of the Merger," transaction-related fees and expenses totaling approximately $11.5 million. This amount consists of the following estimated fees and expenses:

Financial Advisor Fees and Expenses	$	8,500,000
Legal, Accounting and Other Professional Fees	$	2,800,000
Printing, Proxy Solicitation and Mailing Costs	$	100,000
Filing Fees	$	50,000
Miscellaneous	$	10,000
TOTAL	$	11,460,000

None of these costs and expenses will reduce the $27.75 per share merger consideration payable to holders of Water Pik common stock or the amount payable to stock option holders.

In addition, if the merger agreement is terminated under certain circumstances, Water Pik will be obligated to pay a termination fee of $10 million as directed by Parent. See "The Merger Agreement Termination Fees and Expenses."

THE MERGER AGREEMENT

This section of the proxy statement describes the material provisions of the merger agreement, but does not purport to describe all the provisions of the merger agreement. We urge you to read the full text of the merger agreement because it is the legal document that governs the merger. The merger agreement attached as Annex A and incorporated by reference into this document has been included to provide you with information regarding its terms. It is not intended to provide you with any other factual information about us. Such information can be found elsewhere in this proxy statement and in the other public filings we make with the SEC, which are available without charge at www.sec.gov.

Form of the Merger

If all of the conditions to the merger are satisfied or waived in accordance with the merger agreement, Merger Co, a wholly-owned subsidiary of Parent created solely for the purpose of engaging in the transactions contemplated by the merger agreement, will merge with and into Water Pik. The separate corporate existence of Merger Co will cease, and Water Pik will survive the merger and will become a wholly-owned subsidiary of Parent. We sometimes refer to Water Pik after the merger as the surviving corporation.

Structure of the Merger

At the effective time of the merger, Merger Co will merge with and into Water Pik. Upon completion of the merger, Merger Co will cease to exist as a separate entity and Water Pik will continue as the surviving corporation. All of Water Pik's and Merger Co's properties, assets, rights, privileges, immunities, powers and purposes, and all of their liabilities, obligations and penalties, will become those of the surviving corporation. Following the completion of the merger, Water Pik's common stock will be delisted from the NYSE, deregistered under the Exchange Act and no longer publicly traded.

Effective Time

The effective time of the merger will occur at the time that we file a certificate of merger with the Secretary of State of the State of Delaware (or at such later time as is specified in the certificate of merger) on the closing date of the merger. The closing date will occur no later than the later of (1) the second business day following the satisfaction or waiver of the conditions set forth in the merger agreement and (2) April 26, 2006, unless the parties to the merger agreement agree to a different time. Water Pik intends to complete the merger as promptly as practicable, subject to receipt of stockholder approval and all requisite regulatory approvals. We refer to the time at which the merger is completed as the effective time. Although Water Pik expects to complete the merger in late April, we cannot specify when, or assure you that, Water Pik and Parent will satisfy or waive all conditions to the merger.

Certificate of Incorporation and Bylaws

The certificate of incorporation and the bylaws of the surviving corporation will be amended as of the effective time of the merger in the forms attached as exhibits to the merger agreement.

Board of Directors and Officers of the Surviving Corporation

The initial directors of the surviving corporation will be the directors of Merger Co immediately following the merger. Water Pik's officers will continue to be the officers of the surviving corporation following the merger.

Consideration to be Received in the Merger

Outstanding Shares of Common Stock

At the effective time of the merger, each share of our common stock issued and outstanding immediately before the effective time of the merger will automatically be cancelled and converted into the right to receive $27.75 in cash, other than shares of common stock:

- owned by us as treasury stock immediately before the effective time of the merger, all of which will be cancelled without any payment;
- owned by Parent or Merger Co or any other wholly-owned subsidiary of Parent or Merger Co immediately before the effective time of the merger, all of which will be cancelled without any payment;
- owned by any of our wholly-owned subsidiaries immediately before the effective time of the merger, all of which will be cancelled without any payment; and
- held by a stockholder who is entitled to demand and has made a demand for appraisal of such shares in accordance with the General Corporation Law of the State of Delaware and has not voted in favor of adoption of the merger agreement, until such time as such holder withdraws, fails to perfect or otherwise loses such holder's appraisal rights under the General Corporation Law of the State of Delaware.

Stock Options, Restricted Stock and Deferred Stock Units

The merger agreement provides that at the effective time of the merger:

- Unless otherwise agreed between the holder of a Company stock option and Parent, each stock option that is outstanding before the effective time under any of the Company's Broad-Based Stock Option Plan, the Company's 1999 Incentive Plan, and the Company's 1999 Non-Employee Director Stock Compensation Plan will be cancelled and converted into the right to receive cash (subject to applicable withholding taxes) equal to (1) the excess, if any, of $27.75 per share over the per share exercise or purchase price of such outstanding stock option, multiplied by (2) the number of shares underlying such option. Notwithstanding the foregoing, Parent may permit holders of certain Company stock options to elect before the effective date of the merger to exchange their outstanding Company stock options and receive substituted options to purchase common stock of Parent;
- Each deferred stock unit outstanding immediately before the effective time of the merger, will be converted into the right to receive cash equal to $27.75 per share;
- Each performance share that Water Pik has, subject to certain specified criteria being satisfied, agreed to issue but not yet issued immediately before the effective time will be converted into the right to receive cash equal to $27.75 per share; and
- Each share of Water Pik common stock that is subject to restrictions on ownership or transferability will vest in full and be converted into the right to receive cash equal to $27.75 per share.

Payment Procedures

Before the effective time of the merger, Parent will appoint an exchange agent that will pay the merger consideration in exchange for certificates representing shares of the Company's common stock. At the effective time of the merger, Parent will, or will cause the surviving corporation to, deposit a sufficient amount of cash with the exchange agent in order to permit the payment of the aggregate merger consideration. The exchange agent will pay the per share merger consideration, less any

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applicable withholding taxes, to Water Pik's stockholders promptly following the exchange agent's receipt of the stock certificates and a properly completed letter of transmittal. No interest will be paid or accrued on the cash payable upon the surrender or any such stock certificate. Any funds that have not been distributed within one year after the effective time of the merger will be distributed to the surviving corporation and stockholders who have not complied with the instructions to exchange their certificates will be entitled to look only to the surviving corporation for payment of the applicable per share merger consideration, without interest.

You should not return your stock certificates with the enclosed proxy card, and you should not return your stock certificates to the exchange agent without a letter of transmittal.

The exchange agent and the surviving corporation will be entitled to deduct and withhold from the consideration otherwise payable to any holder of the Company's common stock any applicable withholding taxes that it is required to deduct and withhold with respect to making such payment under the Code, or any other applicable state, local or foreign tax law. Water Pik stockholders are entitled to assert appraisal rights instead of receiving the merger consideration. For a description of these appraisal rights, see "Appraisal Rights" below beginning on page 69.

Representations and Warranties

The merger agreement contains representations and warranties made by Water Pik to Parent and Merger Co and representations and warranties made by Parent and Merger Co to Water Pik, subject, in some cases, to specified exceptions and qualifications contained in the merger agreement or in the disclosure schedule delivered in connection therewith. None of the representations and warranties in the merger agreement will survive after the effective time of the merger.

The assertions embodied in those representations and warranties were made solely for purposes of the merger agreement and may be subject to important qualifications and limitations. For example, many of Water Pik's representations and warranties are qualified by a material adverse effect standard. For purposes of the merger agreement, a "material adverse effect" means, with respect to any entity, any event, circumstance, development, change or effect that has had a material adverse effect on the business, condition (financial or otherwise) or results of operations of such entity and its subsidiaries, taken as a whole; provided that none of the following constitute or may be considered in determining whether a material adverse effect has occurred: (1) the announcement of the execution of the merger agreement, or the pendency of the consummation of the merger (including, without limitation, changes as a result of such announcement resulting from (x) actions by customers or competitors, (y) loss of personnel or customers, or (z) delay or cancellation of orders for services or products); (2) changes in the national or world economy or financial markets as a whole or changes in general economic conditions that affect the industries in which Water Pik and its subsidiaries conduct their business (other than changes resulting from acts of terrorism or war), so long as such conditions do not adversely affect Water Pik or its subsidiaries in a materially disproportionate manner relative to other similarly situated participants in the industries or markets in which they operate; (3) any change in any applicable law or GAAP; (4) any failure by Water Pik to meet any published or internally prepared estimates of revenues or earnings (it being understood that the facts and circumstances giving rise to such failure may be deemed to constitute, and may be taken into account in determining whether there has been, a Material Adverse Effect if such facts and circumstances are not otherwise included in clauses (1)-(3) of this definition); (5) a decline in the price of Water Pik's common stock on the NYSE (it being understood that the facts and circumstances giving rise to such decline may be deemed to constitute, and may be taken into account in determining whether there has been, a Material Adverse Effect if such facts and circumstances are not otherwise included in clauses (1)-(3) of this definition); or (6) the execution and performance of or compliance with the merger agreement.

The representations and warranties Water Pik made to Parent in the merger agreement relate to, among others things:

- corporate matters, including due organization, power and qualification;
- Water Pik's certificate of incorporation and bylaws;
- Water Pik's subsidiaries;
- Water Pik's capitalization;
- authorization, execution, delivery and performance and the enforceability of the merger agreement and related matters;
- absence of conflicts with, or violations of, organizational documents or other obligations as a result of the consummation of the transactions contemplated by the merger agreement;
- identification of required governmental filings and consents;
- accuracy of information contained in registration statements, reports and other documents that Water Pik files with the SEC, the compliance of Water Pik's filings with the regulations promulgated by the SEC and with applicable federal securities law requirements and, with respect to financial statements included in such filings, generally accepted accounting principles;
- establishment and maintenance of disclosure controls and procedures required under applicable federal securities laws and the filing of all certifications required by applicable provisions of the Sarbanes-Oxley Act of 2002;
- absence of certain material liabilities;
- absence of any "off-balance sheet arrangements" or any commitment to become a party to any such arrangements;
- absence of a material adverse effect on Water Pik;
- conduct of Water Pik's business in the ordinary course;
- tax matters;
- intellectual property matters;
- possession of permits and compliance with law;
- litigation matters;

brokers' and finders' fees;

employee benefit plans;

environmental matters;

Water Pik's material contracts and key customer relationships;

Water Pik's proxy statement being free of material misstatements or omissions;

Board approval and requisite stockholder vote;

receipt of a fairness opinions from Water Pik's financial advisors;

amendment of Water Pik's rights agreement;

owned and leased property;

absence of transactions with affiliates;

- labor and employment matters;
- insurance matters;
- sufficiency of assets; and
- disclaimer of other representations and warranties not included in the merger agreement.

In addition, each of Parent and Merger Co made representations and warranties to Water Pik regarding, among others:

- corporate matters, including due organization, power and qualification;
- certificate of incorporation and bylaws;
- authorization, execution, delivery and performance and the enforceability of the merger agreement and related matters;
- absence of conflicts with, or violations of, organizational documents or other obligations as a result of the transactions contemplated by the merger agreement;
- brokers' and finders' fees;
- the information to be provided by Parent and Merger Co for inclusion in Water Pik's special meeting proxy statement being free from material misstatements and omissions;
- Board approval;
- the debt and equity commitment letters received by Parent and Merger Co, including that the commitment letters are in full force and effect and that Merger Co has no reason to believe that it will be unable to timely satisfy any of the terms or conditions for closing such financings;
- Section 203 of the General Corporation Law of the State of Delaware;
- delivery of the guarantees by Carlyle Europe Partners II, L.P. and Zodiac, S.A.; and
- no reliance on representations and warranties not included in the merger agreement.

Covenants Relating to the Conduct of Water Pik's Business

From the date of the merger agreement through the effective time of the merger or its termination (whichever is earlier), Water Pik has agreed, and has agreed to cause its subsidiaries, to operate in the ordinary course consistent with past practice and use its commercially reasonable efforts to preserve intact its business organizations and preserve the goodwill of its customers, suppliers, employees (taken as a whole) and other persons having business relationships with Water Pik.

During the same period, Water Pik has also agreed that, subject to certain exceptions, it will not and will not permit its subsidiaries to take certain actions without the prior written consent of Parent, which consent will not be unreasonably withheld, delayed or conditioned. Such prohibited actions include, among others:

entering into any new line of business material to Water Pik or its subsidiaries taken as a whole;

declaring or paying any dividend or other distribution;

purchasing, redeeming or otherwise acquiring shares of its or its subsidiaries' capital stock;

issuing or otherwise disposing of or encumbering any securities, or granting any right or option to acquire any securities, other than (1) pursuant to the exercise of outstanding options in accordance with their present terms; (2) pursuant to the employee stock purchase plan in accordance with its present terms; (3) in respect of deferred stock units; or (4) in respect of outstanding performance shares, subject to certain specified criteria being satisfied;

amending Water Pik's certificate of incorporation or bylaws or those of its subsidiaries;

acquiring or agreeing to acquire any business or entity or otherwise acquire or agree to acquire any assets that are material to Water Pik's business;

entering into any joint ventures, strategic partnerships or alliances that are material to any of Water Pik's divisions or business units;

except as required by the SEC or generally accepted accounting principles, or as set forth in the merger agreement disclosure schedules, selling, leasing, licensing, mortgaging or otherwise encumbering or disposing of any properties or assets that are material to Water Pik's business, except for sales of inventory in the ordinary course of business;

except as required by law or applicable treasury regulations, making any loans, advances or capital contributions to, or investments in, any other person, other than: (1) loans or investments by Water Pik or a subsidiary to or in Water Pik or any of its wholly-owned subsidiaries or (2) ordinary course extensions of credit related to the sale of goods;

making any material change in Water Pik's methods or principles of accounting;

making certain changes in tax accounting methods or making, changing or rescinding any material tax election, settling or compromising any material tax liability, filing any amended tax return involving a material amount of additional taxes (except as required by law) or waiving or extending the statute of limitations in respect of taxes (other than ordinary course filing extensions), other than, in each case, in the ordinary course of business and consistent with past practice;

except for certain stated exceptions, adopting or amending any Company employee benefit plans, stock incentive plans or employee stock purchase plan;

except for certain stated exceptions, entering into or amending any employment, severance, consulting or similar contract or collective bargaining agreement (other than ordinary course "at will" employment arrangements), paying any special bonus or remuneration (cash, equity or otherwise) to any director or employee, or increasing the salaries, wages or benefits (including severance or indemnification) of Water Pik's directors, officers, employees or consultants except (1) in the ordinary course of business or (2) in amounts not to exceed the amounts set forth in disclosure schedules;

granting a third party any right of license to any material intellectual property owned by Water Pik or its subsidiaries;

incurring or guaranteeing any indebtedness for borrowed money, issuing or selling any debt securities or warrants or other rights to acquire any debt securities of Water Pik or any of its subsidiaries, except for borrowings under Water Pik's revolving credit facility in the normal course of business;

making any loans, advances or capital contributions to, or investments in, any other person, other than to Water Pik or any direct or indirect wholly-owned subsidiary and other than travel and entertainment advances to employees in the ordinary course of business;

adopting a plan of liquidation, dissolution, restructuring or reorganization;

engaging in any transaction with or enter into any agreement or arrangement between Water Pik or any of its subsidiaries on the one hand, and any affiliate of Water Pik on the other hand, including transactions, agreements or arrangements of the type that would be required to be disclosed under Item 404 of Regulation S-K under the Securities Act;

modifying, amending, terminating or waiving any material rights under any material contract in any material respect other than the amendment, expiration or renewal of any such contract in the ordinary course of business;

entering into any material contract, other than in the ordinary course of business;

settling, compromising, waiving, satisfying or instituting any material litigation, suit, proceeding, arbitration or claim (other than claims for less than $50,000 individually or $250,000 in the aggregate);

writing up, writing down or writing off the book value of any of Water Pik's or its subsidiaries' material assets, other than (1) in the ordinary course of business and consistent with past practice or (2) as may be required by GAAP;

incurring, authorizing or committing to any capital expenditures or liabilities in excess of certain agreed upon amounts;

paying or failing to pay any material account payable or collect or settle any material account receivable other than in the ordinary course of business; or

agreeing in writing or otherwise to take any of the actions described above.

Notwithstanding any of the covenants described above, Water Pik may, and it may cause each of its subsidiaries to, without the consent of Parent, amend or modify any of its "nonqualified deferred compensation plan" (as defined in Section 409A(d)(1) of the Code) to the extent required or deemed advisable by Water Pik to comply with Section 409A of the Code and/or any regulations or guidance promulgated under the Code; provided that no such amendment will result in material liability beyond benefits otherwise due.

Preparation of Proxy Statement; Stockholders' Meeting and Board Recommendation

Water Pik agreed that, promptly after the execution of the merger agreement, it would prepare and file with the SEC a preliminary proxy statement, together with a form of proxy, and use its reasonable efforts to clear the proxy statement and form of proxy with the SEC. Water Pik further agreed that promptly after the proxy statement and form of proxy were cleared with the SEC it would mail the definitive proxy statement and form of proxy to its stockholders.

Parent has agreed to provide Water Pik with any information with respect to Parent, Merger Co, Parent's business or the equity or debt financings or any alternative financing arrangement that may be required in order to effectuate the preparation and filing of the proxy statement (or any amendment or supplement to the proxy statement). In exchange, Water Pik will provide Parent and its counsel with a reasonable opportunity to review and comment on the proxy statement (or any amendment or supplement) before its filing with the SEC and will incorporate any reasonable comments in the proxy statement.

Water Pik will respond to, and provide Parent and its counsel with a reasonable opportunity to participate in its response to, any comments from the SEC and will notify Parent promptly upon the receipt of any comments from the SEC in connection with the filing of, or amendments or supplements to, the proxy statement. If any event occurs that is required to be set forth in an amendment or supplement to the proxy statement, Water Pik or Parent, as the case may be, will promptly inform the other of such occurrence and cooperate in filing with the SEC and/or mailing to its stockholders of such amendment or supplement.

Water Pik will take all action necessary in accordance with the General Corporation Law of the State of Delaware and its Restated Certificate of Incorporation, as amended, and Bylaws to call, hold and convene a meeting of its stockholders to consider the adoption of the merger agreement as soon as practicable after the execution of the merger agreement. Except where the Board's recommendation in favor of the adoption of the merger agreement has been withdrawn in accordance with the merger agreement, Water Pik will use commercially reasonable efforts to solicit proxies in favor of the adoption of the merger agreement. The merger agreement provides that the proxy statement will include the recommendation of the Board of Directors that the stockholders adopt the merger agreement, subject to the exceptions described below under "Acquisition Proposals."

Acquisition Proposals

The merger agreement provides that, until the effective time of the merger or the termination of the merger agreement (whichever is earlier), Water Pik will not, nor will it permit any of its subsidiaries or its or their officers, directors, employees, representatives or agents to, directly or indirectly:

- solicit, initiate or knowingly encourage a competing transaction or inquiries relating to a competing transaction;
- enter into, maintain or continue negotiations with any person in furtherance of such inquiries or competing transaction;
- agree to any competing transaction;
- endorse any competing transaction or any agreement or understanding relating to a competing transaction; or
- take any action to exempt any person from the restrictions on business combinations contained in Section 203 of the General Corporation Law of the State of Delaware.

However, before the adoption of the merger agreement by the Company's stockholders, Water Pik would be permitted to respond to a bona fide, written acquisition proposal that is made after the date of the merger agreement and that did not result from a breach on its part by furnishing nonpublic information to, and negotiating with, any third party making such a proposal, if Water Pik's Board of Directors determines in good faith, after consulting with its financial advisor and outside legal counsel, that the proposal is or is reasonably likely to lead to a superior proposal, and that the failure to take the following actions with respect to such acquisition proposal is reasonably likely to result in a breach of its fiduciary obligations under applicable law. Before furnishing information with respect to itself to any person making a competing transaction proposal, Water Pik must enter into a confidentiality agreement with such third party on terms no more favorable to the third party than those contained in the confidentiality agreement between Water Pik and Parent and provide Parent (within 24 hours) with a copy of the confidentiality agreement. Thereafter, Water Pik has agreed to provide or make available to Parent all such information delivered to the third party (to the extent such information has not already been provided to Parent) at such time as Water Pik makes the information available to the third party.

Water Pik has agreed to advise Parent orally and in writing of the receipt of any competing transaction proposal or any inquiry with respect to, or that it reasonably believe could be expected to lead to, any competing transaction proposal (in each case within 24 hours of receipt), specifying the material terms and conditions of the proposal or inquiry and the identity of the party making the proposal or inquiry, and Water Pik will provide Parent (within 24 hours), with a copy of all written materials provided to Water Pik or any of its subsidiaries in connection with any such proposal or inquiry. Water Pik has also agreed that it will notify Parent (within 24 hours) orally and in writing of any material modifications to the financial or other material terms of such proposal or inquiry and will provide Parent (within 24 hours), with a copy of all written materials subsequently provided to or by Water Pik or any of its subsidiaries in connection with any such proposal or inquiry.

Water Pik has further agreed that neither its Board of Directors nor any committee of its Board of Directors will:

- withdraw (or modify in a manner adverse to Parent) its recommendation in favor of the merger agreement or the transactions contemplated by the merger agreement;

- approve or recommend any competing transaction proposal; or

- approve or recommend, or publicly propose to approve or recommend, or allow Water Pik or any of its subsidiaries to execute, or enter into, any (1) letter of intent, (2) memorandum of understanding, (3) agreement in principle, (4) merger agreement or (5) other business combination or acquisition agreement, joint venture agreement or other agreement constituting or relating to a competing transaction proposal (other than a confidentiality agreement).

However, until such time as Water Pik's stockholders adopt the merger agreement, Water Pik's Board of Directors may, only in response to a bona fide written superior proposal received by Water Pik's Board of Directors, withdraw (or modify in a manner adverse to Parent) its recommendation in favor of the merger agreement or the transactions contemplated by the merger agreement or approve or recommend a competing transaction proposal (such action, an "adverse recommendation"), but only if: